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WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

PROPOSAL FOR PERFORMANCE OF CONSULTANT/CONTRACTOR SERVICES FOR WORLD TRADE CENTER

PREPARED BY

TISHMAN REALTY & CONSTRUCTION CO., INC.

PA LAW DEPARTMENT
58879

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WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

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TISHMAN REALTY & CONSTRUCTION CO., INC.
666 FIFTH AVENUE
NEW YORK, N.Y. 10019
OWNERS AND BUILDERS SINCE 1898
JUDSON 2-6700

December 10th, 1965

The Port of New York Authority
111 Eighth Avenue
New York, New York 10011

Attention: Mr. Guy Tozzoli
Director, World Trade Department

Re: World Trade Center

Gentlemen:

In accordance with your request, we are pleased to submit the attached report, outlining our proposed activity as Consultant/Contractor for the World Trade Center.

We have developed biographical and job descriptions for those key individuals in our organization who will be responsible for guiding and developing our Consultant/Contractor relationship throughout the course of the project. Biographical material of staff members who will be directed by these department heads, can also be made available for your review. We have appended to the report a brief listing of projects on which these key individuals have recently been employed.

Our approach to each phase for the successful development of the project is outlined in detail in Section IV of this report. Although we have, in each case, indicated our willingness to participate to the fullest, we agree to defer assumption of any activities which you may elect to initiate without our assistance.

Because we cannot be certain to what extent you will require our services, we believe the matter of developing a fee structure which is fair to both parties must remain flexible. Toward this end we propose a fee of $25,000 per

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month for the first six to eight months after which we shall review our services in regard to project staging, activity, and schedule requirements, and, at that time, develop with you a fee structure for the next phase or period to cover our Consultant/Contractor services.

Although the emphasis of our consultancy will be directed toward construction activities, we wish to stress that our fee will also cover the services of heads of other departments of our company who will be made available to you on call, in an advisory capacity. This includes our real estate, legal, operating and maintenance departments. The fee also includes the services of a Project Executive who, with our Construction and Research Departments, will be involved with you on a day to day basis to administer the Sponsor's Consultant/Contractor requirements.

We believe that our Owner/Builder experience in all matters relating to real estate, construction and operation of properties similar to yours, will be helpful to you in carrying forward your architectural planning, in the establishment of tenant "standards" and procedures, and in the scheduling of tenant occupancies.

Although the fee structure includes the unrestricted utilization and advice of all department heads and executives of our company plus the day to day service of the Project Executive, it does not include fees of outside consultants we may recommend for special studies, nor does it include full time services of project engineers, draftsmen, accountants or other administrative personnel. Should the Sponsor elect to require such additional services, such shall be paid for on a basis to be agreed upon. No such personnel will be employed without prior approval from the Sponsor.

We are honored to have been given the opportunity to present our program for the services to be performed as Consultant/ Contractor and wish to assure you that all talents and experience

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TISHMAN REALTY & CONSTRUCTION CO., INC.

developed in our company during almost seventy years of building more than one billion dollars worth of high rise construction for our own account will be made available to you, should you elect to retain us.

Most sincerely,

TISHMAN REALTY & CONSTRUCTION CO., INC.

John L. Tishman
Senior Vice President

JLT/ab
Encls.

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WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

SECTION I

PERSONNEL RESUMES

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WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

THE FOLLOWING KEY PERSONNEL, ALL EMPLOYEES OF TISHMAN REALTY & CONSTRUCTION CO., INC., OR ITS WHOLLY OWNED SUBSIDIARIES, WILL MAKE THEIR SPECIAL TALENTS AND ABILITIES AVAILABLE TO THE SPONSOR AS THIS PROJECT MAY REQUIRE, TO PROVIDE A CONTINUING, CONSCIENTIOUS AND COMPETENT CONSULTING SERVICE.

JOHN L. TISHMAN - SENIOR VICE PRESIDENT AND MEMBER OF THE BOARD OF DIRECTORS OF TISHMAN REALTY & CONSTRUCTION CO., INC.

EDUCATION: UNIVERSITY OF MICHIGAN - B.S. ELECTRICAL ENGINEERING

YEARS OF PROFESSIONAL EXPERIENCE: 16 YEARS

MR. TISHMAN IS THE CORPORATE OFFICER RESPONSIBLE FOR ALL CONSTRUCTION AND RESEARCH OPERATIONS OF THE PARENT AND ALL SUBSIDIARY COMPANIES.

HIS FUNCTIONS IN CONNECTION WITH THIS PROJECT SHALL INCLUDE THE RESPONSIBILITY FOR INSURING THE SATISFACTORY FULFILLMENT OF OUR CONSULTANT/CONTRACTOR OBLIGATIONS. HE SHALL, IF REQUESTED, PERSONALLY ASSIST THE SPONSOR IN CONTRACT NEGOTIATIONS, AWARDS, AND ARBITRATIONS, AND AS LIAISON BETWEEN ARCHITECTS, ENGINEERS, AND LOCAL GOVERNMENTAL AGENCIES.

CHARLES DEBENEDITTIS - ASSISTANT VICE PRESIDENT - TISHMAN REALTY & CONSTRUCTION CO., INC.

EDUCATION: POLYTECHNIC INSTITUTE OF BROOKLYN - BACHELOR OF CIVIL ENGINEERING - MAGNA CUM LAUDE

YEARS OF PROFESSIONAL EXPERIENCE: 12 YEARS

MR. DEBENEDITTIS IS DIRECTLY RESPONSIBLE FOR THE PERFORMANCE OF THE CONSTRUCTION DIVISION OF THE PARENT COMPANY AND ALL SUBSIDIARIES, TO INCLUDE PROJECT DEVELOPMENT, DESIGN REVIEW, PERFORMANCE OF CONSTRUCTION, BUDGET DEVELOPMENT, AND COST ACCOUNTABILITY. HE IS ALSO CURRENTLY REPRESENTING TISHMAN IN OUR ROLE AS CONSULTANT/CONTRACTOR IN THE DEVELOPMENT OF JOHN HANCOCK CENTER, A 100-STORY PROJECT IN CHICAGO.

(CHARLES DEBENEDITTIS) -

HIS FUNCTIONS IN CONNECTION WITH THIS PROJECT, SHALL INCLUDE ASSISTING IN FINAL DEVELOPMENT OF PLANS AND SPECIFICATIONS AND BUDGETS; ASSISTING IF REQUIRED BY THE SPONSOR, IN CONTRACT NEGOTIATIONS; AND INSURING THAT THE SERVICES OF APPROPRIATE PERSONNEL WITHIN OUR CONSTRUCTION DEPARTMENT ARE MADE AVAILABLE FOR WORK ON THIS PROJECT IN THOSE AREAS FOR WHICH THEY ARE PARTICULARLY QUALIFIED.

JAMES R. ENDLER - CONSTRUCTION MANAGER - TISHMAN REALTY & CONSTRUCTION CO., INC.

EDUCATION: CARNEGIE INSTITUTE OF TECHNOLOGY -

COLUMBIA UNIVERSITY -

UNITED STATES MILITARY ACADEMY - B.S.

YEARS OF PROFESSIONAL EXPERIENCE: 12 YEARS

MR. ENDLER IS RESPONSIBLE FOR THE ADMINISTRATION AND COORDINATION OF ALL CONSTRUCTION PROGRAMS OF THE PARENT AND SUBSIDIARY COMPANIES EXCLUSIVE OF THOSE IN CHICAGO AND LOS ANGELES, TO INCLUDE CONTRACTING, SCHEDULING, COST DEVELOPMENT AND CONTROL, QUALITY CONTROL, AND PROJECT ADMINISTRATION THROUGH PROJECT ENGINEERS, SUPERINTENDENTS, AND THEIR STAFFS. HE IS ALSO CURRENTLY REPRESENTING TISHMAN IN OUR ROLE AS CONSULTANT/ CONTRACTOR IN CONNECTION WITH THE MADISON SQUARE GARDEN - PENNSYLVANIA RAILROAD PROJECT.

HIS FUNCTION IN CONNECTION WITH THIS PROJECT SHALL BE THAT OF PROJECT EXECUTIVE, WITH OVERALL RESPONSIBILITY FOR INITIATING AND COORDINATING APPROPRIATE STUDIES AND RECOMMENDATIONS REGARDING CONTRACTS, SCHEDULING, BUDGETS AND COSTS, ADMINISTRATION, DESIGN REVIEW, NEGOTIATIONS, ETC., TO INCLUDE ALL WORK OUTLINED IN THE ATTACHED REPORT. HE SHALL HAVE AT HIS DISPOSAL ALL IN-HOUSE FACILITIES AND PERSONNEL FROM ALL OF OUR VARIOUS DEPARTMENTS NECESSARY TO PROVIDE THE SPONSOR WITH REQUIRED PERTINENT INFORMATION. HE SHALL BE THE LIAISON BETWEEN THIS OFFICE AND THE PORT OF NEW YORK AUTHORITY.

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WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

JAMES L. WOLFSON - VICE PRESIDENT - TISHMAN REALTY & CONSTRUCTION CO., INC., AND SENIOR VICE PRESIDENT - TISHMAN CONSTRUCTION CORP.

EDUCATION: MASSACHUSETTS INSTITUTE OF TECHNOLOGY - B.S. ARCHITECTURAL ENGINEERING

YEARS OF PROFESSIONAL EXPERIENCE: 40 YEARS

MR. WOLFSON IS DIRECTLY RESPONSIBLE FOR ALL ACTIVITIES OF TISHMAN CONSTRUCTION CORP., OUR GENERAL CONTRACTOR DIVISION. THIS DIVISION, A WHOLLY OWNED SUBSIDIARY, CONSTRUCTS MAJOR PROJECTS FOR PUBLIC AND PRIVATE DEVELOPERS.

HIS FUNCTIONS IN CONNECTION WITH THIS PROJECT SHALL INCLUDE REVIEW OF PLANS AND SPECIFICATIONS TO INSURE INCLUSION OF ALL REQUIRED INFORMATION; DEVELOPMENT OF APPROPRIATE BID DOCUMENTS; BUDGET DEVELOPMENT AND REVIEW; AND SCHEDULING.

WALTER J. HARING - ASSISTANT VICE PRESIDENT - TISHMAN REALTY & CONSTRUCTION CO., INC.

EDUCATION: UNIVERSITY OF MIAMI - A.B. MAGNA CUM LAUDE IN ARCHITECTURE

YEARS OF PROFESSIONAL EXPERIENCE: 35 YEARS

MR. HARING IS DIRECTOR OF OUR MAINTENANCE AND OPERATING DIVISION AND IS COMPLETELY RESPONSIBLE FOR THE PERFORMANCE OF THIS DIVISION ON ALL TISHMAN PROJECTS THROUGHOUT THE COUNTRY. IN THIS CAPACITY HE, THROUGH HIS ENGINEERING STAFF, INSURES THE CONTINUOUS, SATISFACTORY MAINTENANCE AND OPERATIONS OF OUR PROPERTIES, TO INCLUDE THE PROGRAMMING AND PERFORMANCE OF ALL TENANT WORK WHICH IS THE LANDLORD'S RESPONSIBILITY.

HIS FUNCTIONS IN CONNECTION WITH THIS PROJECT WILL INCLUDE REVIEW OF PLANS AND SPECIFICATIONS TO INSURE EFFICIENT AND ECONOMIC BUILDING OPERATION; DEVELOPMENT OF MAINTENANCE AND OPERATIONS PROCEDURES DURING EARLY OCCUPANCY; ASSISTANCE IN ESTABLISHING PROJECT OPERATING PERSONNEL REQUIREMENTS AND PROCEDURES FOR THE COMPLETED PROJECT; ADVISE THE SPONSOR OF MAINTENANCE AND OPERATIONS PROBLEMS WHICH MAY BE ELIMINATED IN EARLY PLANNING; AND SUPERVISE AND COORDINATE DEVELOPMENT OF TENANT WORK WITH BASIC CONSTRUCTION.

WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

CHARLES C. QUINN - ASSISTANT VICE PRESIDENT - TISHMAN REALTY & CONSTRUCTION CO., INC.

EDUCATION: BROOKLYN COLLEGE

NEW YORK UNIVERSITY

YEARS OF PROFESSIONAL EXPERIENCE: 26 YEARS

MR. QUINN IS DIRECTOR OF PROPERTY MANAGEMENT AND IS COMPLETELY RESPONSIBLE THROUGH HIS DISTRICT MANAGERS AND THEIR STAFFS, FOR THE LEASING AND MANAGEMENT OF ALL TISHMAN PROPERTIES THROUGHOUT THE COUNTRY.

HIS FUNCTIONS IN CONNECTION WITH THIS PROJECT WILL INCLUDE REVIEW OF DESIRED EARLY OCCUPANCY AND DEVELOPMENT OF TENANT AND MANAGEMENT REQUIREMENTS NECESSARY TOWARD ACHIEVING THIS END; REVIEW PLANS AND SPECIFICATIONS TO INSURE APPROPRIATE ACCOMMODATIONS ARE AVAILABLE FOR ANTICIPATED TENANTS; AND ASSIST THE SPONSOR IN DEVELOPING APPROPRIATE MANAGEMENT FACILITIES AND ADMINISTRATIVE PROCEDURES TO INSURE AN ECONOMIC LEASING AND MANAGEMENT PROGRAM.

MYRON E. OPPENHEIM - VICE PRESIDENT - TISHMAN CONSTRUCTION COMPANY

EDUCATION: UNIVERSITY OF ILLINOIS - BACHELOR OF CIVIL ENGINEERING

YEARS OF PROFESSIONAL EXPERIENCE: 15 YEARS

MR. OPPENHEIM IS DIRECTLY RESPONSIBLE FOR ALL PHASES OF CONSTRUCTION OF THE JOHN HANCOCK CENTER, THE 100-STORY BUILDING CURRENTLY UNDER WAY IN CHICAGO, ON WHICH TISHMAN HAS BEEN DESIGNATED GENERAL CONTRACTOR. HIS EXPERIENCE WITH HIGH RISE STRUCTURES INCLUDES CONSIDERABLE ACTIVITY IN DIFFICULT EXCAVATION AND FOUNDATION WORK, AS WELL AS EXTENSIVE SCHEDULING AND COST CONTROL RESPONSIBILITY ON NUMEROUS SIZEABLE PROJECTS.

HIS FUNCTIONS IN CONNECTION WITH THIS PROJECT WILL INCLUDE REVIEW OF FOUNDATION AND "BATH-TUB" WORK; VERTICAL TRANSPORTATION SYSTEMS AND MATERIALS HANDLING PROGRAMS; AND BUDGET DEVELOPMENT OF THOSE PARTICULAR ITEMS IN WHICH HIS EXPERIENCE UNIQUELY QUALIFIES HIM. HE AND HIS STAFF WILL MAKE AVAILABLE PERTINENT SOLUTIONS TO PROBLEMS ON THE JOHN HANCOCK CENTER PROJECT WHICH MAY HAVE DIRECT APPLICATION TO THIS PROJECT.

WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

JOSEPH H. BRAVERMAN - MANAGER OF ENGINEERING - TISHMAN REALTY & CONSTRUCTION CO., INC.

EDUCATION: COLLEGE OF THE CITY OF NEW YORK - B.A. MECHANICAL ENGINEERING

STEVENS INSTITUTE OF TECHNOLOGY - M.S.

YEARS OF PROFESSIONAL EXPERIENCE: 27 YEARS

MR. BRAVERMAN, A LICENSED PROFESSIONAL ENGINEER, IS IN CHARGE OF OUR ENGINEERING DEPARTMENT AND IS DIRECTLY RESPONSIBLE ON ALL TISHMAN PROJECTS FOR MECHANICAL, ELECTRICAL, AND ELEVATOR DESIGN REVIEW AND INSTALLATION WHICH HE DIRECTS THROUGH HIS TECHNICAL STAFF.

HIS FUNCTIONS IN CONNECTION WITH THIS PROJECT WILL INCLUDE REVIEW OF PLANS AND SPECIFICATIONS FOR ALL MECHANICAL, ELECTRICAL, ELEVATOR, AND ALLIED WORK; ESTABLISHMENT OF BUDGETS; SCHEDULING OF PERFORMANCE OF WORK; SPECIAL TEMPORARY UTILITY PROBLEMS; COORDINATION OF EARLY OCCUPANCY AND OPERATION OF MECHANICAL FACILITIES; AND ALL OTHER AREAS REQUIRING HIS PARTICULAR TECHNICAL ABILITY.

SOL POTTISH - ASSOCIATE CORPORATE COUNCIL - TISHMAN REALTY & CONSTRUCTION CO., INC.

EDUCATION: COLLEGE OF THE CITY OF NEW YORK

BROOKLYN LAW SCHOOL OF ST. LAWRENCE COLLEGE - L.L.B. CUM LAUDE

YEARS OF PROFESSIONAL EXPERIENCE: 30 YEARS

MR. POTTISH, AS ASSOCIATE CORPORATE COUNCIL, IS RESPONSIBLE FOR LEGAL GUIDANCE AND RECOMMENDATIONS ON CORPORATE, CONSTRUCTION, AND MANAGEMENT MATTERS.

HIS FUNCTIONS IN CONNECTION WITH THIS PROJECT, SHALL INCLUDE GUIDANCE IN THE DEVELOPMENT OF CONTRACT DOCUMENTS; INTERPRETATION OF APPLICABLE ORDINANCES, CODES, RULES AND REGULATIONS PERTAINING TO CONSTRUCTION, TAXES AND LEASING; AND SUCH OTHER MATTERS AS MAY REQUIRE LEGAL GUIDANCE, JUDGMENT AND ACTION TO INSURE THE SUCCESSFUL COMPLETION AND OCCUPANCY OF THIS PROJECT.

WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

JOSEPH H. NEWMAN - GENERAL MANAGER, TISHMAN RESEARCH CORPORATION

EDUCATION: POLYTECHNIC INSTITUTE OF BROOKLYN - B.CH.E., M.CH.E.

YEARS OF PROFESSIONAL EXPERIENCE: 20 YEARS

MR. NEWMAN IS DIRECTLY RESPONSIBLE FOR THE ACTIVITIES OF OUR RESEARCH SUBIDIARY WHICH INITIATES AND DEVELOPS NEW CONSTRUCTION PRODUCTS IN CONJUNCTION WITH THOSE FIRMS WHO HAVE RETAINED US FOR THIS SERVICE. OUR RESEARCH CLIENTS CURRENTLY INCLUDE:

UNITED STATES STEEL CORPORATION
UNITED STATES GYPSUM COMPANY
OWENS-CORNING FIBERGLAS CORPORATION
ALUMINUM COMPANY OF AMERICA
DOW CHEMICAL COMPANY
CORNING GLASS WORKS
INTERNATIONAL BUSINESS MACHINES CORPORATION
THE E. F. HAUSERMAN COMPANY
BORG-WARNER CORPORATION

AND OTHERS OF EQUAL PROMINENCE IN THE CONSTRUCTION INDUSTRY.

HIS FUNCTIONS IN CONNECTION WITH THIS PROJECT WILL BE TO FURNISH DIRECT LIAISON WITH TOP MANAGEMENT OF CORPORATIONS, SUCH AS THOSE INDICATED ABOVE, TO PROMOTE THE DEVELOPMENT OF NEW PRODUCTS ADVANTAGEOUS TO THIS PROJECT; TO GUIDE COMPLIANCE WITH THE SPONSOR'S NEEDS; AND TO INSURE CONTINUED TOP MANAGEMENT INTEREST IN PROGRAMS AND SCHEDULES DEVELOPED FOR USE ON THIS JOB.

LAWRENCE R. SCHWARTZ - STRUCTURAL ENGINEER, PROJECT MANAGER - TISHMAN REALTY & CONSTRUCTION CO., INC.

EDUCATION: UNIVERSITY OF MICHIGAN - B.S. C.E.

YEARS OF PROFESSIONAL EXPERIENCE: 19 YEARS

MR. SCHWARTZ, A LICENSED PROFESSIONAL ENGINEER, IS CURRENTLY ASSIGNED AS STRUCTURAL ENGINEER AND PROJECT MANAGER ON OUR FRANKLIN D. ROOSEVELT POST OFFICE AND TOWER AT 909 THIRD AVENUE, NEW YORK CITY. THIS PROJECT IS A PRE-STRESSED CONCRETE SUPERSTRUCTURE WITH STRUCTURAL STEEL COLUMNS. MR. SCHWARTZ HAS OVERALL RESPONSIBILITY, THROUGH HIS STAFF, FOR THIS UNUSUAL STRUCTURE, INCLUDING PROJECT DESIGN, DEVELOPMENT AND CONSTRUCTION.

(LAWRENCE R. SCHWARTZ) -

HIS FUNCTION IN CONNECTION WITH THIS PROJECT SHALL INCLUDE STRUCTURAL REVIEW; STAGING AND ERECTION OF STRUCTURAL WORK; COST REVIEW AND STRUCTURAL DETAIL DEVELOPMENT; COORDINATION OF STRUCTURAL WORK WITH OTHER TRADES; AND SCHEDULING OF ALL STRUCTURAL WORK FROM BID PERIOD THROUGH COMPLETION OF ERECTION.

JOSEPH M. LEONTE, JR. - STAFF ARCHITECT - TISHMAN REALTY & CONSTRUCTION CO., INC.

EDUCATION: UNIVERSITY OF VIRGINIA - B.S. ARCHITECTURE - A.I.A.

YEARS OF PROFESSIONAL EDUCATION: 12 YEARS

MR. LEONTE, AS STAFF ARCHITECT, IS RESPONSIBLE FOR REVIEW OF ARCHITECTURAL PLANS AND SPECIFICATIONS, AND COORDINATION OF MANAGEMENT AND LEASING REQUIREMENTS WITH PROJECT ARCHITECTS. HE ALSO ASSISTS THE RESEARCH DIVISION AND OUR CLIENTS IN THE DEVELOPMENT OF NEW PRODUCTS.

HIS FUNCTION IN CONNECTION WITH THIS PROJECT SHALL INCLUDE ARCHITECTURAL REVIEW, DETAIL DEVELOPMENT, AND PROPOSING TO THE PROJECT ARCHITECTS CONSIDERATION OF NEW PRODUCTS WHICH MAY BE DESIRABLE FOR THE JOB.

KENNETH B. GREENWALD - CONSTRUCTION COST ACCOUNTANT - TISHMAN REALTY & CONSTRUCTION CO., INC.

EDUCATION: NEW YORK UNIVERSITY - B.S. ACCOUNTING

YEARS OF PROFESSIONAL EXPERIENCE: 26 YEARS

MR. GREENWALD IS RESPONSIBLE FOR THE DEVELOPMENT AND IMPLEMENTATION OF CONSTRUCTION COST ACCOUNTING AND COST ADMINISTRATION PROCEDURES. THROUGH HIS STAFF, HE RECEIVES, ADMINISTERS, AND PAYS REQUISITIONS FOR WORK ACCOMPLISHED; MAINTAINS CURRENT PROJECT COSTS AND EXPENDITURES THROUGH AN AUTOMATED SYSTEM; AND MONTHLY ISSUES TO CONSTRUCTION DIVISION OFFICERS AND PROJECT MANAGERS, PROJECT COST STATUS REPORTS REFLECTING CURRENT AND ANTICIPATED EXPENDITURES. HE IS ALSO RESPONSIBLE FOR ESTABLISHING, WITH CONSTRUCTION DIVISION

(KENNETH B. GREENWALD) -

OFFICERS AND PROJECT MANAGERS, PROJECTED CASH REQUIREMENTS, AND FOR DEVELOPING WITH THE COMPTROLLER A CASH FLOW PROGRAM.

HIS FUNCTIONS ON THIS PROJECT SHALL INCLUDE THE DEVELOPMENT OF ADMINISTRATIVE AND COST ACCOUNTING PROCEDURES WHICH WILL ASSIST THE SPONSOR IN MAINTAINING COST INFORMATION AND CONTROL THROUGHOUT THE PROJECT. HE SHALL ALSO ASSIST IN THE DEVELOPMENT OF A CASH FLOW PROGRAM.

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WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

SECTION II

CONSTRUCTION PROJECTS

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WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

THE PERSONNEL INDICATED ABOVE HAVE MATERIALLY CONTRIBUTED TO THE SUCCESS OF OUR CONSTRUCTION PROJECTS THROUGHOUT THE NATION. FOR THE GENERAL INFORMATION OF THE SPONSOR, WE ENCLOSE HEREWITH ONLY A PARTIAL LISTING OF PROJECTS WHICH HAVE BEEN UNDERTAKEN WITHIN THE PAST 5 YEARS, ON WHICH WE HAVE PERFORMED THE SAME SERVICES WE OFFER TO THE SPONSOR.

	PROJECT	LOCATION	DESCRIPTION
1.	THE JOHN HANCOCK CENTER	CHICAGO	OFFICE - APARTMENT BUILDING
2.	MADISON SQUARE GARDEN	NEW YORK	SPORTS ARENA AND OFFICE BUILDING
3.	HOLIDAY INN	LOS ANGELES	MOTEL
4.	GATEWAY TOWERS	PITTSBURGH	APARTMENT - OFFICE BUILDING
5.	TOWER EAST	NEW YORK	APARTMENT BUILDING
6.	700 PARK AVENUE	NEW YORK	APARTMENT BUILDING
7.	866 THIRD AVENUE	NEW YORK	OFFICE BUILDING
8.	909 THIRD AVENUE	NEW YORK	OFFICE BUILDING
9.	HORIZON HOUSE	FT. LEE, N.J.	SIX APARTMENT BUILDINGS
10.	TEXAS PAVILLION	NEW YORK	WORLD'S FAIR AUDITORIUM
11.	GATEWAY CENTER	CHICAGO	TWO OFFICE BUILDINGS
12.	10 LAFAYETTE SQUARE	BUFFALO	OFFICE BUILDING
13.	EAST OHIO BUILDING	CLEVELAND	OFFICE BUILDING
14.	DORCHESTER	ST. LOUIS	APARTMENT BUILDING
15.	UNIVERSITY TERRACE	NEW YORK	THREE APARTMENT BUILDINGS
16.	WILSHIRE FLOWER	LOS ANGELES	OFFICE BUILDING
17.	BROMLEY HALL	ATHENS, OHIO	DORMITORY
18.	BROMLEY HALL	CHAMPAIGN, ILL.	DORMITORY
19.	1200 CALIFORNIA STREET	SAN FRANCISCO	APARTMENT BUILDING
20.	WILSHIRE COMSTOCK	LOS ANGELES	TWO APARTMENT BUILDINGS

WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

IN ADDITION TO THE ABOVE, OUR KEY PERSONNEL HAVE PARTICIPATED IN OTHER PROMINENT WORK PRIOR TO JOINING TISHMAN. A PARTIAL LISTING OF THIS WORK IS INCLUDED BELOW:

PROJECT	LOCATION
POWER DISTRIBUTION FACILITY	PHILADELPHIA, PENNSYLVANIA
LUNAR LANDING FACILITY	LANGLY, VIRGINIA
ELIZABETH RIVER TUNNEL	NORFOLK, VIRGINIA
MARK I SPACE SIMULATOR	ARNOLD RESEARCH CENTER, TENNESSEE
POST HOSPITAL	FORT DIX, NEW JERSEY
NIKE MISSILE INSTALLATION	CLEVELAND, OHIO
KIPS BAY APARTMENTS	NEW YORK
PARK WEST VILLAGE APARTMENTS	NEW YORK
ONE CHARLES CENTER	BALTIMORE, MARYLAND
2400 LAKEVIEW DRIVE	CHICAGO
JUVENILE COURT BUILDING	WASHINGTON, D.C.
DANNEMORA PRISON	DANNEMORA, NEW YORK
R.K.O. THEATER	NEW YORK
POWERHOUSE AND 7 HOSPITAL BUILDINGS	BRENTWOOD, LONG ISLAND, NEW YORK
KLEINHAUS MUSIC HALL	BUFFALO, NEW YORK

WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

SECTION III

FINANCIAL REPORT (1964)

(OUR FINANCIAL REPORT FOR 1965 WILL BE FORWARDED TO YOU UPON RELEASE WITHIN THE NEXT SEVERAL WEEKS).

TISHMAN REALTY & CONSTRUCTION CO., INC. / ANNUAL REPORT 1964

666 FIFTH AVENUE, NEW YORK, N. Y. 10019

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DIRECTORS AND OFFICERS

The Board of Directors of your Company: (left to right) Alfred L. Rose, Marc Haas, Adam L. Gimbel, Alan V. Tishman, Robert V. Tishman, Norman Tishman, David Tishman, Robert E. Herman, John L. Tishman, Max J. Schneider and Benjamin J. Buttenwieser.

Norman Tishman,

David Tishman,

Robert V. Tishman,
Chairman

Alan V. Tishman,
Executive Vice President

John L. Tishman,
Senior Vice President

William J. Williams,
First Vice President

Robert E. Herman,

Irving M. Peretz,

Richard P. Graves,

Edward S. Tishman,
Vice President

Peter V. Tishman,
Vice President

James J. Wolfson,
Vice President

Alexander Tishman,
Consultant

John B. Coman,

Sol Pottish,

Charles A. DeBenedittis,

Walter J. Haring,

Charles C. Quinn,

Meyer Weingarten,
Vice President

The Chase Manhattan Bank
1 Chase Manhattan Plaza
New York, N. Y. 10015

S. D. Leidesdorf & Co.
125 Park Avenue
New York, N. Y. 10017

Manufacturers Hanover Trust Company
67 Broad Street
New York, N. Y. 10015

TO OUR STOCKHOLDERS

In order to present the simplest and clearest possible picture of your Company's programs and planning, free from complicated details and figures, we are describing the details of our operations separately in a special section following this letter.

RESULTS OF 1964

The fiscal year ended September 30, 1964 again was successful. In summary, your Company earned $3,008,000 after taxes and after real estate depreciation of $1,204,000. As a result, an increase in the regular cash dividend has been declared for the third consecutive year, raising it from 60 cents to 65 cents per share per annum. Also for the third consecutive year, a 3% stock dividend has been declared.

These steady increases in the cash dividend and the continued issuance of stock dividends directly reflect the steady rise in your Company's assets, its consistent earnings, and the accrual of a sizeable cash flow from its operations.

While these factors appear in your Company's financial statements, they are not always easy to interpret and analyze. But the results are to be found in the steady bottom-line net income figures and the continuing substantial cash balances which enable your Company to increase its dividends while simultaneously carrying on its large building program, requiring substantial amounts of funds. Thus, the basic policy set forth in 1962 continues: that the dividend policy will be examined annually, and that as assets become productive and surplus cash is generated, increases will be made in the regular cash dividend supplemented by extra stock dividends.

PRESENT BUILDING PROGRAM

Our current program, instituted two years ago, represents a shift of emphasis away from residential construction and back to office construction. This had been determined in anticipation of at least a temporary oversupply in the residential market and the continuing strength of the office building market in selected locations.

Our present portfolio consists principally of 11 completed office buildings and 10 completed residential apartments, as well as 2 shopping centers and various industrial buildings. The office buildings are all either fully occupied or more than 90% rented, are producing the income intended, and are set up advantageously from the viewpoint of depreciation, financing and taxes.

However, recently completed residential properties, while renting steadily, are doing so at varying speeds. The first two buildings of the Horizon House project on the Palisades across from New York City and the Comstock West in Los Angeles were fully rented on schedule. The apartment building in St. Louis, on the other hand, while renting steadily, is filling up behind schedule.

Approximately 80% of the apartments in the 132-unit Tower East building in New York City were sold on schedule, whereas the 92-apartment cooperative structure on Nob Hill in San Francisco is somewhat behind schedule, with approximately 75% of the apartments thus far disposed of. The newly completed third Horizon House building, with 180 apartments, and the 314-apartment Gateway Towers in Pittsburgh, are renting on schedule.

This 1964 experience is being used to re-evaluate the existing program. While the present program is basically satisfactory, a study of national office renting, both in our existing buildings and in those planned, demonstrates that this market has strengths and weaknesses which largely depend upon the city involved. As a result, we are temporarily holding in abeyance office construction in Washington and Los Angeles, where overbuilding apparently has become pronounced, but we are proceeding with office buildings in Chicago and New York, where the demand is quite strong.

Our experience likewise indicates that, while residential construction is overdone in most parts of the country, there are exceptions, and our successful experience in Horizon House on the Palisades leads us to continue with the remaining buildings in this project.

Our program also called for major hotel structures in Los Angeles and San Juan, Puerto Rico. Continuing studies during this year, however, have encouraged us to proceed with the Los Angeles project but to hold the Puerto Rico project in abeyance temporarily, pending further study. Other phases of the current program are linked with future planning which will now be discussed.

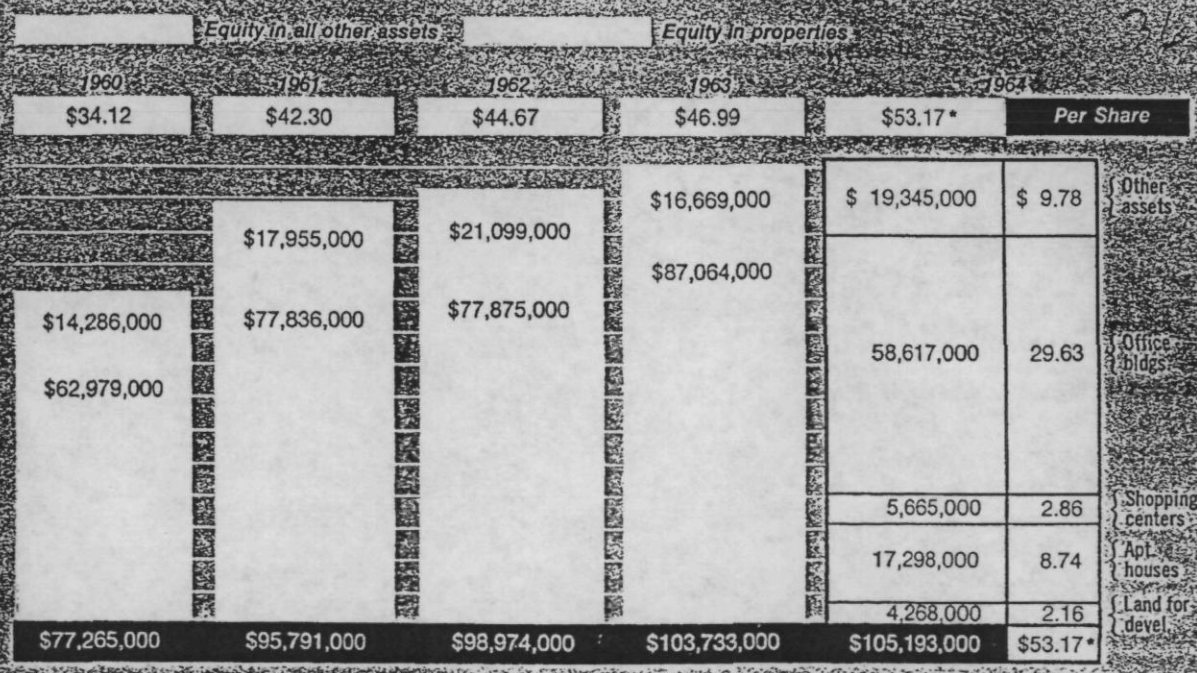
FINANCIAL HIGHLIGHTS:

	For the years ended September 30	
	1964	1963
Rentals and Other Property Income	$ 19,217,955	$ 20,041,857
Income from Operation of Properties—before depreciation	$ 2,732,227	$ 3,761,936
Per Share	$1.38	$1.70
Net Income	$ 3,008,900	$ 3,167,187
Per Share	$1.52	$1.43
Cash Income (net income plus provision for depreciation—real estate)	$ 4,213,086	$ 4,161,098
Per Share	$2.13	$1.88
Management's Appraisal of Asset Value	$105,193,000	$103,733,000
Per Share	$53.17*	$46.99

(Per share figures adjusted for stock dividends)

Growth of asset value per share common based on management's appraisal of equity in properties and other assets, 1960-1964

(per share figures adjusted for stock dividends)



*An asset of the Company was exchanged for 230,000 shares of stock of the Company.

FUTURE BUILDING PROGRAMS

The future growth of any company is based entirely upon the success of its planning. It is in this vital area that the value of both experience and skill manifest themselves.

Successful planning in real estate is the product of existing knowledge, experienced anticipation, and the over-riding necessity of successful execution. If correct, the result will be a profitable project, wherever in the field of real estate it may fall.

The best-conceived project is worthless without proper execution, and the most skillfully executed project will stand empty if incorrectly conceived. Therefore, the wider the experience of a Company in all phases of real estate, construction and management, the more varied its background, the more diversity it and its personnel have, the greater the chance for successful planning and realization.

Your Company, with 66 years of experience in every phase of real estate, construction and management in all parts of the country, is rich in these ingredients. As a result, it has been successful for many years in anticipating trends in real estate and, just as important, it has been able to capitalize successfully on this anticipation. Your management forecasted, and took advantage of, the post-war office market trend, as well as the residential apartment trend which began several years ago. So, in its new program, it must determine the extent and direction of existing trends as well as anticipate new ones.

Consequently, we believe that the office building market will continue strong, but in selected areas; and that the basis for this demand will be wider and stronger if our projects can be created to rent for substantially less than competitive projects.

Therefore, our future office building program in selected locations calls for additional buildings in Chicago at the Union Station, where we are able to rent for less than competitive buildings on North Michigan Avenue; for an airport office building project in San Francisco where our building, because of location and price, should stimulate demand in competition with the higher rents of downtown San Francisco; for office buildings on Third Avenue in New York City, where our rents will be substantially less than buildings on Park Avenue; and possibly for new economy buildings on our land in Washington, D. C. and Los Angeles when the trend turns upward again in those cities. We will continue to probe for other similar office opportunities in these and other qualified cities.

36-12

Likewise, until the trends change, we will limit our future residential building to the completion of the successful Horizon House project on the Palisades in New Jersey. There is now planned the final 28-story twin tower building, completing the 1260-apartment project.

The never-ending search for new trends and concepts has also brought us into the college dormitory field. The well-recognized problems of college housing led us to investigate the possibilities of a new type of dormitory which we could build, manage and own, and which, at the same time, would be enthusiastically acceptable to the college. The result is our quality dormitory program now getting under way at Ohio University, with other locations to be announced in the near future. We believe that this program is in an area of great and increasing demand.

SERVICE PROGRAMS

We expect to increase greatly the scope and activity of our service departments. We have instituted an all-inclusive real estate and construction consulting service because we have found that there is a definite need by many major companies in other businesses for these services for their real estate and construction undertakings.

Companies such as U.S. Steel, Madison Square Garden and others embarking on major projects have asked us to manage these projects from their inception. In this way, they hope to avoid some of the costly miscalculations and errors that have befallen other major companies in the recent past. For these services, we receive fees and anticipate the possibility of future additional work for these organizations.

Tishman Construction Corporation, our general contracting subsidiary, will embark upon a substantial middle-income housing program. In addition, it presently is performing contracting work in New York City, and other parts of the country. Substantial income is anticipated from this activity.

There also are opportunities for the earning of fees in the management and brokerage fields. As a result, Tishman Management Corporation has been organized recently and offers background and experience in these important areas.

Both Tishman Research Corporation and Wells Television continue to expand. The Research Company with its work on building methods and materials now represents eight of the nation's outstanding corporations and its access to growth potential is great. Wells Television, now the largest lessor of television sets in the country, will continue its expansion in the ever-growing hospital field.

SUMMARY AND CONCLUSION

Our future program, therefore, generally consists of major emphasis on aspects of the office building market; minor construction in the residential field; the search for and the instituting of new forms of real estate projects such as college dormitories; the expansion of our service departments and, of course, the constant evaluation of our existing buildings and sites to determine their best possible use for the Company.

We feel more confident than ever in the future of real estate in all of its many aspects, as well as in our ability to capitalize on our background and knowledge. In the past, we have enjoyed steady annual net earnings and ever-increasing assets with consequent benefits to our stockholders. In the future, it is anticipated that, as new assets become productive, net earnings, cash flow, and asset value will continue to increase.

To give our stockholders a choice of investment, we successfully exchanged the shares of the Park Avenue Realty Trust, which owns the leasehold at 460 Park Avenue, New York City, for 230,000 shares, approximately 10½% of the outstanding Tishman Realty & Construction Co., Inc. common stock. As a result, the Company was able to acquire a substantial quantity of its own stock at a low price (since we continue to believe that the market price of our stock does not fully represent the value of this Company) and at the same time, to give our stockholders the choice between retaining their Tishman stock with its growth potential or obtaining the Trust shares with its higher immediate income.

During the course of the year, in recognition of their outstanding abilities and, in most instances, long service, we were pleased to recommend for election by the Board of Directors as officers of Tishman Realty & Construction Co., Inc., Mr. James J. Wolfson and Mr. Richard P. Graves as Vice Presidents, and Messrs. Walter J. Haring, Charles C. Quinn, Meyer Weingarten and Charles A. DeBenedittis as Assistant Vice Presidents. In addition, Mr. John L. Tishman, Vice President and Director, was elected to the administrative post of Senior Vice President and Mr. William J. Williams to that of First Vice President.

I wish to express my sincere appreciation to the Board of Directors, the officers and to all of our devoted employees whose able and conscientious efforts are insuring your Company's continuing success.

Respectfully submitted,

Robert V. Tishman

December 30, 1964. Robert V. Tishman, President

DETAILS OF OPERATIONS—1964

CONSTRUCTION ACTIVITY

During the current year, the Company completed the 978-unit University Terrace development; the 314-unit luxury apartment building, Gateway Towers in Pittsburgh; and the third 180-unit apartment building in the Horizon House project in Fort Lee, New Jersey. The cost of these completed structures is approximately $21 million.

There is presently under construction, for our own account, the 650,000 rentable square foot office building, first in the Gateway Center project at the Union and Northwestern Stations in Chicago; the 410-room Sheraton-Wilshire Hotel in Los Angeles; the fourth 180-unit apartment building in the Horizon House project; and Bromley Hall, a 581-student dormitory at Ohio University. In addition, we are now constructing, as general contractor, three 30-story apartment buildings for New York University in New York City, and the 355-room Holiday Inn in Los Angeles. The estimated volume of this current construction program is $50 million.

Scheduled to get under way shortly, for our own account, is the 650,000 rentable square foot second building in the Gateway Center project in Chicago; the 400,000 square foot office building and the 1,100,000 square foot combination office building and Post Office, both on Third Avenue in New York City; the first 200,000 rentable square foot office building in the San Francisco Airport project; the final 540-apartment building in the Horizon House project in Fort Lee, New Jersey; and the 310-room Howard Johnson Hotel in San Juan, Puerto Rico. The approximate volume of these projects totals $106 million.

REDUCTION IN COMMON STOCK OUTSTANDING

It should be noted that at the close of the fiscal year, there were 1,978,478 shares of common stock outstanding compared with 2,144,533 shares in 1963. The reduction is the result of the acquisition by the Company of its stock in exchange for the shares of Park Avenue Realty Trust, less the 3% stock dividend issued in January 1964.

GROWTH OF ASSETS AND PROPERTY VALUES

Real estate having an estimated asset value of $3,632,000 over cost was added in 1964. The per share asset value of your Company, as appraised by management (before giving effect to applicable taxes in the event of sale of properties), rose to $53.17 compared with $46.99 in 1963. The dollar asset value of your Company in 1964, appraised on the same basis, was $105,193,000 compared with $103,733,000 in 1963.

LEASEHOLD RENTALS

All of the office buildings are financed by the sale-leaseback method. As a result, after the original terms of the leases expire, renewal rentals decline substantially. The cumulative annual decline will reach $1,205,000 or $.61 per share in 1972 as shown on the following chart:

Reduction Date	*Annual Rent Reduction*	*Cumulative*
1967	$532,000	$ 532,000
1968	131,000	663,000
1969	—	663,000
1970	12,000	675,000
1971	325,000	1,000,000
1972	205,000	1,205,000

Since the close of fiscal 1964, one leasehold was advantageously recast to level out rental payments. This change is reflected in the table above.

INCOME FROM OPERATIONS

Net income for the year was $3,008,000 or $1.52 per share compared with $3,167,000 or $1.43 per share in 1963.

Cash flow, that is net income after taxes but before depreciation of real estate, rose to $4,213,000 or $2.13 per share compared with $4,161,000 or $1.88 per share in 1963.

Gross property income amounted to $19,218,000 compared with $20,042,000 in fiscal 1963. Income from operation of properties before depreciation was $2,732,000 or $1.38 per share compared with $3,762,000 or $1.70 per share in fiscal 1963.

The reduction in both gross property income and income from operation of properties before depreciation is the result of the sale of two properties, as well as the opening expenses and initial operating losses of newly completed buildings not yet fully rented, which expenses and losses were anticipated in the original cost budgets for the projects. This temporary reduction was substantially offset by increased construction income and profitable equipment leasing operations.

CHART OF PROPERTIES

TABLE 1

LOCATION OF PROPERTY *(New York City unless otherwise indicated)*	TYPE OF HOLDING: Deed	Leasehold	Sale Leaseback	DESCRIPTION OF PROPERTY: Number of Apts.	Number of Rooms	Rentable Area (Sq. Ft.)	Photograph Page Nos.
APARTMENT BUILDINGS							
Horizon House I, Fort Lee, N. J.		●		180	785		15
Horizon House II, Fort Lee, N. J.		●		180	785		15
Horizon House III, Fort Lee, N. J.*		●		180	788		15
Horizon House IV, Fort Lee, N. J.		●		180	788		15
University Terrace, Brooklyn, N. Y. (E)*				326	1,533		14
430 East 63rd Street (Sutton Terrace)	●			160	609		14
450 East 63rd Street (Sutton Terrace)	●			156	591		14
1161 York Avenue (Sutton Terrace)	●			166	630		14
Gateway Towers, Pittsburgh		●		314	1,275		23
The Dorchester, St. Louis	●			189	745		22
Wilshire Comstock West, Los Angeles	●			107	501		26
Wilshire Comstock East, Los Angeles	●			107	501		26
OFFICE BUILDINGS							
666 Fifth Avenue (B) (C)			●			1,124,000	17
99 Park Avenue (C)			●			424,000	16
67 West 44th Street (A) (C)			●			164,000	19
10 Lafayette Square, Buffalo (C)			●			160.000	19
9th St. & Superior Ave., Cleveland (B) (C)			●			325,000	22
Gateway Center, Chicago (B)*		●				651.000	20
3325 Wilshire Blvd., Los Angeles (C)			●			201,000	25
3440 Wilshire Blvd., Los Angeles (A) (C)			●			169.000	24
3450 Wilshire Blvd., Los Angeles (A) (C)			●			169,000	24
3460 Wilshire Blvd., Los Angeles (A) (C)			●			169.000	24
3540 Wilshire Blvd., Los Angeles (C)			●			205 000	25
615 Flower St., Los Angeles (C)			●			307,000	25
SHOPPING CENTERS							
2492 Central Park Avenue, Yonkers, N. Y.	●					266,000	18
West Hempstead, Long Island, N. Y.	●					329,000	18
OTHER BUILDINGS							
Philadelphia Industrial Park		●				172,000	18
Ohio University Dormitory, Athens, Ohio*	●				277		23
Sheraton-Wilshire Hotel, Los Angeles*	●				410		24
LAND FOR DEVELOPMENT							
10353 Wilshire Blvd., Los Angeles (C) (F)**	●					38,000	
10370 Wilshire Blvd., Los Angeles (C) (F)**	●					36,000	
Normandy Ave., Los Angeles (C) (G)**	●					38,000	
526 Spring St., Los Angeles (G)**	●					18,900	
Millbrae Ave. and Old Bay Shore Road, San Francisco (G)**	●					276,000	
Skinker Blvd., St. Louis (C) (F)**	●					19,000	
Shirley Highway, Alexandria, Va. (G)**	●					230,000	
Wilson Blvd., Arlington, Va. (G)**	●					60,000	
866 Third Ave., N.Y.C. (G)**	●					25,100	
Isla Verde, Carolina, Puerto Rico (C) (G)**		●				178,000	
TOTALS *(excluding land for development) (D)*				1,919	8.685	3,416.820	

(A) Noncancellable management agreement (interest retained in future renewal of leasehold).
(B) Stock interest.
(C) Your company's interest in this property is not mortgaged.
(D) Adjusted for partial ownership.
(E) Construction contract.
(F) Land for apartment development.
(G) Land for commercial development.
* Under construction.
** Plot Area.

TABLE 2

COMPARATIVE CONSOLIDATED STATEMENT OF INCOME 1960-1964

	1964	1963	1962	1961	1960
Realty and related operations:					
Property income:					
Rentals	$19,020,913	$19,829,781	$17,941,228	$17,221,811	$15,925,776
Other	197,042	212,076	77,873	307,058	421,611
	19,217,955	**20,041,857**	**18,019,101**	**17,528,869**	**16,347,387**
Property expenses:					
Real estate taxes	3,455,910	3,380,068	3,041,454	2,897,665	2,776,900
Interest on mortgages	2,314,017	1,814,550	1,435,600	1,477,371	1,143,901
Leasehold rentals	5,105,159	5,535,464	5,144,240	4,815,484	4,561,432
Other	5,610,642	5,549,839	4,806,194	4,613,253	4,380,469
	16,485,728	16,279,921	14,427,488	13,803,773	12,862,702
Income from operation of properties—before depreciation	**2,732,227**	**3,761,936**	**3,591,613**	**3,725,096**	**3,484,685**
Construction income—net	1,153,507	637,064	51,464	*32,725*	67,175
Profit on disposition of real estate—net	3,443,050	3,819,429	2,859,221	1,378,258	1,177,703
Sundry—net	374,699	*27,862*	*301,142*	580,389	369,311
	7,703,483	8,190,567	6,201,156	5,651,018	5,098,874
General and corporate expenses	2,337,673	2,211,710	1,948,525	2,247,495	1,955,242
	5,365,810	5,978,857	4,252,631	3,403,523	3,143,632
Provision for depreciation—real estate	1,204,186	993,911	1,107,457	1,032,531	1,168,962
Net realty and related income before income taxes	**4,161,624**	**4,984,946**	**3,145,174**	**2,370,992**	**1,974,670**
Equipment leasing operations—net	2,080,545	1,686,666	2,297,877	1,375,633	531,358
Provision for depreciation	1,758,769	1,793,425	1,917,871	1,769,526	756,994
	321,776	*106,759*	380,006	*393,893*	*225,636*
Net income before income taxes	4,483,400	4,878,187	3,525,180	1,977,099	1,749,034
Provision for Federal, state and Canadian income taxes:					
On disposition of real estate	914,500	1,071,000	675,300	180,000	517,000
Other	560,000	640,000	480,700	233,613	266,625
	1,474,500	1,711,000	1,156,000	413,613	783,625
Net income	**$3,008,900**	**$3,167,187**	**$2,369,180**	**$1,563,486**	**$965,409**

Red figures are designated by italics

PER SHARE COMMON (Adjusted for stock dividends)

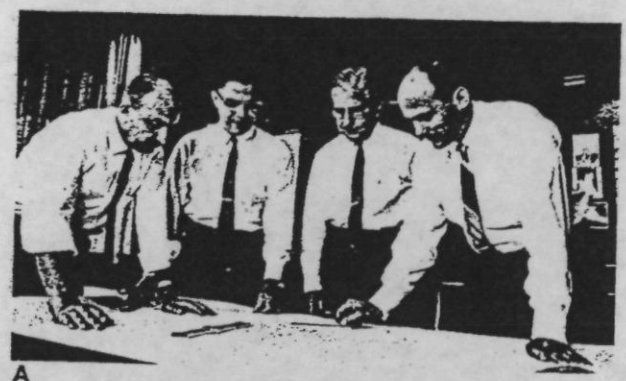
Income from operation of properties—before depreciation	$1.38	$1.70	$1.62	$1.64	$1.54
Net income	$1.52	$1.43	$1.07	$ .69	$ .41
Cash income (net income plus provision for depreciation—real estate)	$2.13	$1.88	$1.57	$1.15	$ .93
Dividends paid:					
Cash	$ .60	$ .53	$ .48	$ .47	$ .45
Stock	3%	3%		5%	5%

*Gives effect to retroactive adjustments to conform the net income for these years to the amounts shown in the Registration Statement on Form S-1 of Park Avenue Realty Trust which became effective on July 21, 1964.

BUILDINGS UNDER CONSTRUCTION

In 1984, your company continued its policy of having a varied program of construction both in types of buildings and in their locations. Projects included a major office building complex in Chicago, residential buildings in New York City, Fort Lee, New Jersey, Pittsburgh, Pennsylvania, and Athens, Ohio, and a hotel in Los Angeles, California. This program represents a volume of $71,000,000, and is one of the largest in the Company's history.

36-12



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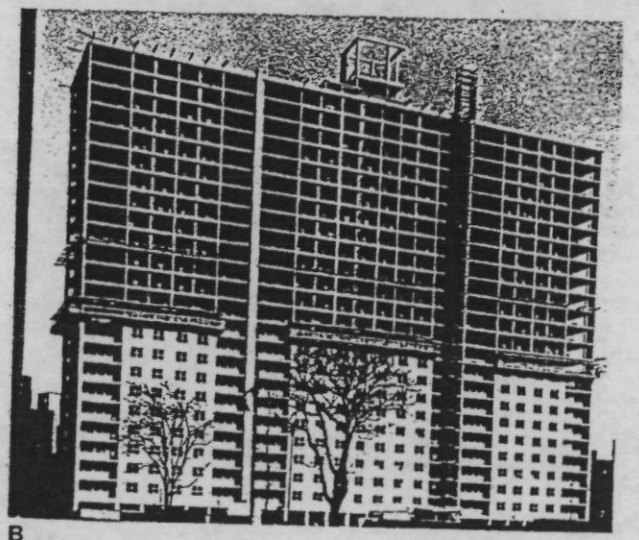

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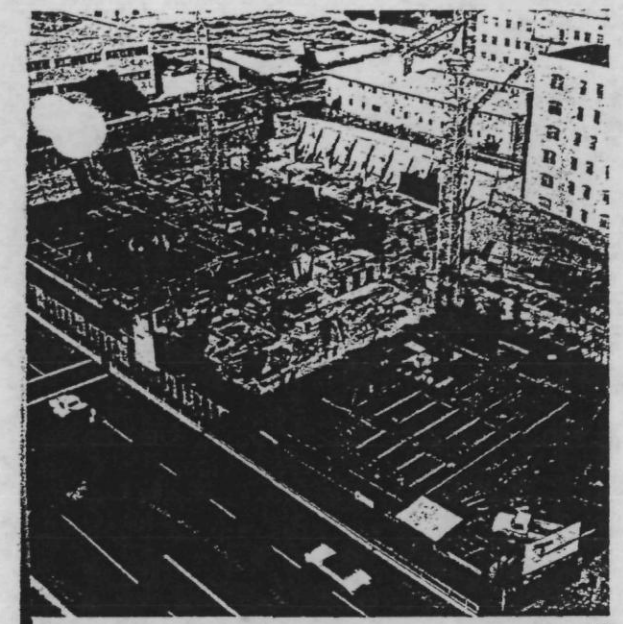

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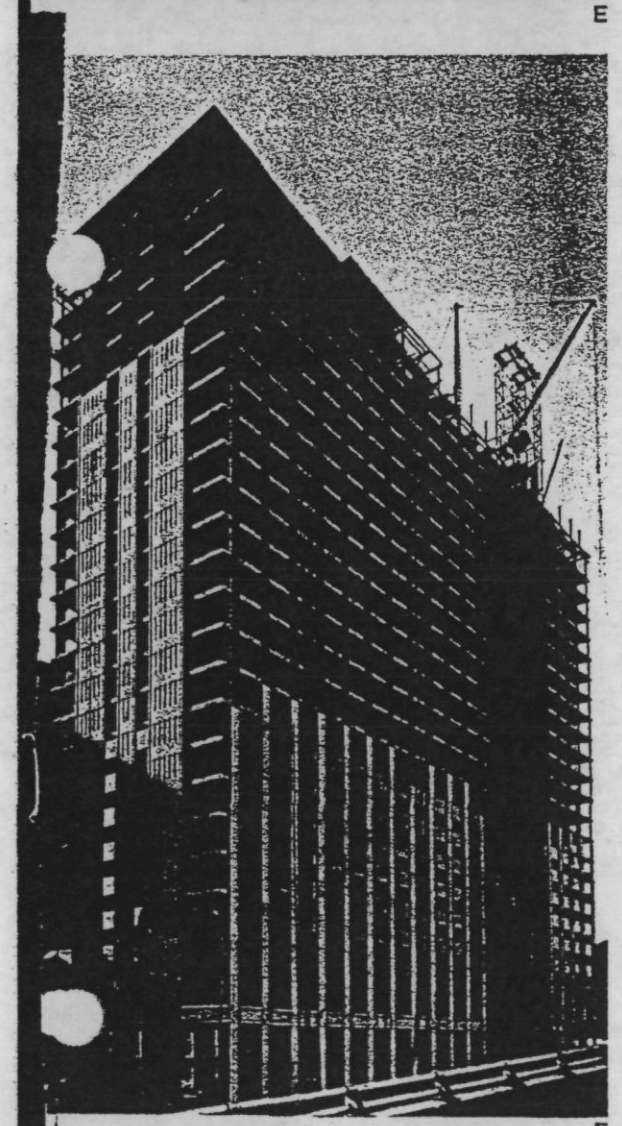


F

A Conference on construction. Heading the Construction Department in New York is John L. Tishman (right), Senior Vice President, shown with (left to right) Charles A. DeBenedittis, Assistant Vice President; Joseph Braverman, Manager of Engineering; and James J. Wolfson, Vice President.

B The third building of University Terrace in Brooklyn, New York, shown here under construction, was completed and occupied in 1964. The first two buildings were completed in 1963. The three towers are 24-story middle income cooperative apartment buildings built under the Urban Redevelopment Program with financing provided by the City of New York under the Mitchell-Lama Law. They contain 984 apartments with 4,600 rooms.

C Shown are the two new Horizon House buildings. One is completed and occupied, while the other will be completed and occupied in 1965. The new 14-story and penthouse structures are similar to the original two Horizon House apartment buildings adjoining them on the 32-acre woodland site atop the Palisades in Fort Lee, New Jersey, and will add 360 apartments with 1,576 rooms to the project.

D 10 South Riverside Plaza, where construction is progressing on the first of three office buildings planned to rise above the railroad tracks of the Union Station in downtown Chicago's Gateway Center. Located at the hub of Chicago's main transportation facilities, 10 South Riverside Plaza will be 20 stories high, with 651,000 square feet of net rentable area. Occupancy is scheduled for the Spring of 1965.

E First new motor hotel in the thriving Wilshire area of Los Angeles, the 12-story Sheraton-Wilshire is scheduled for completion in 1965. It will be operated under a long-term management contract with the Sheraton Corporation. The 410-room hostelry will feature a unique outdoor swimming pool and lounge-patio, a 241-car garage, as well as the most advanced facilities for meetings and other special events.

F Gateway Towers in Pittsburgh's distinguished Gateway Center was completed in 1964. The 27-story apartment building contains 314 luxury apartments with 1,275 rooms, in addition to three floors of commercial space. It is the only apartment building in the 23-acre Gateway Center complex, which comprises seven office buildings and the Pittsburgh Hilton Hotel.

"It's a Tishman building."

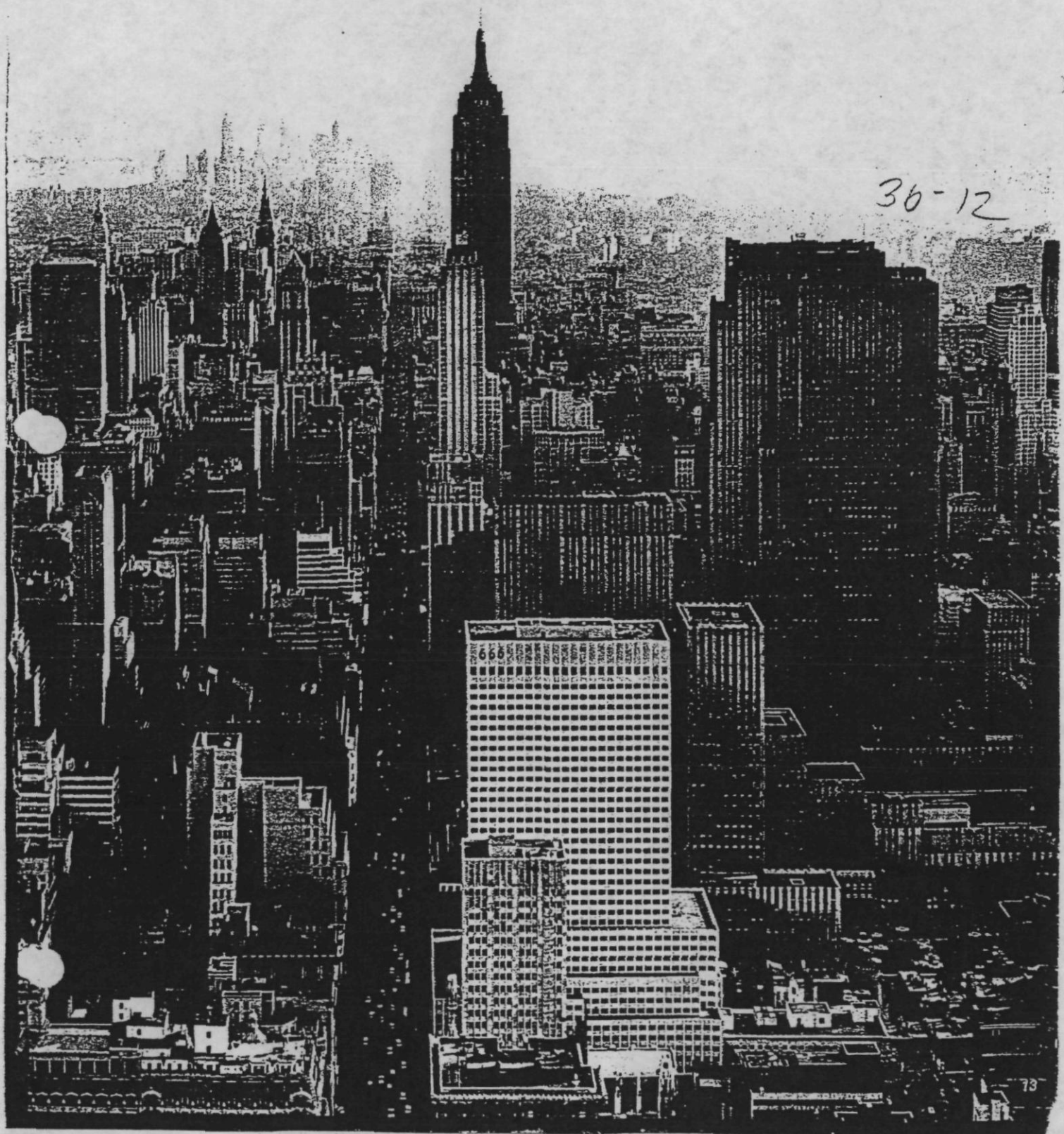
Your Company is one of the very few builders whose name is well known to the general public in the cities in which it builds. An investment builder since 1898, your Company owns, builds and manages its properties, thus assuring the high standards of construction and operation that are Tishman's public image.

Today, there are Tishman buildings in 13 cities across the country, from "Tishman row" along Wilshire Boulevard in Los Angeles to the Tishman Building on Fifth Avenue in New York.

TISHMAN HOLDINGS: A PICTORIAL REVIEW

At a meeting of the Executive Department are Norman Tishman (left), Chairman of the Board; Peter V. Tishman (center), Vice-President; and Robert V. Tishman, President.

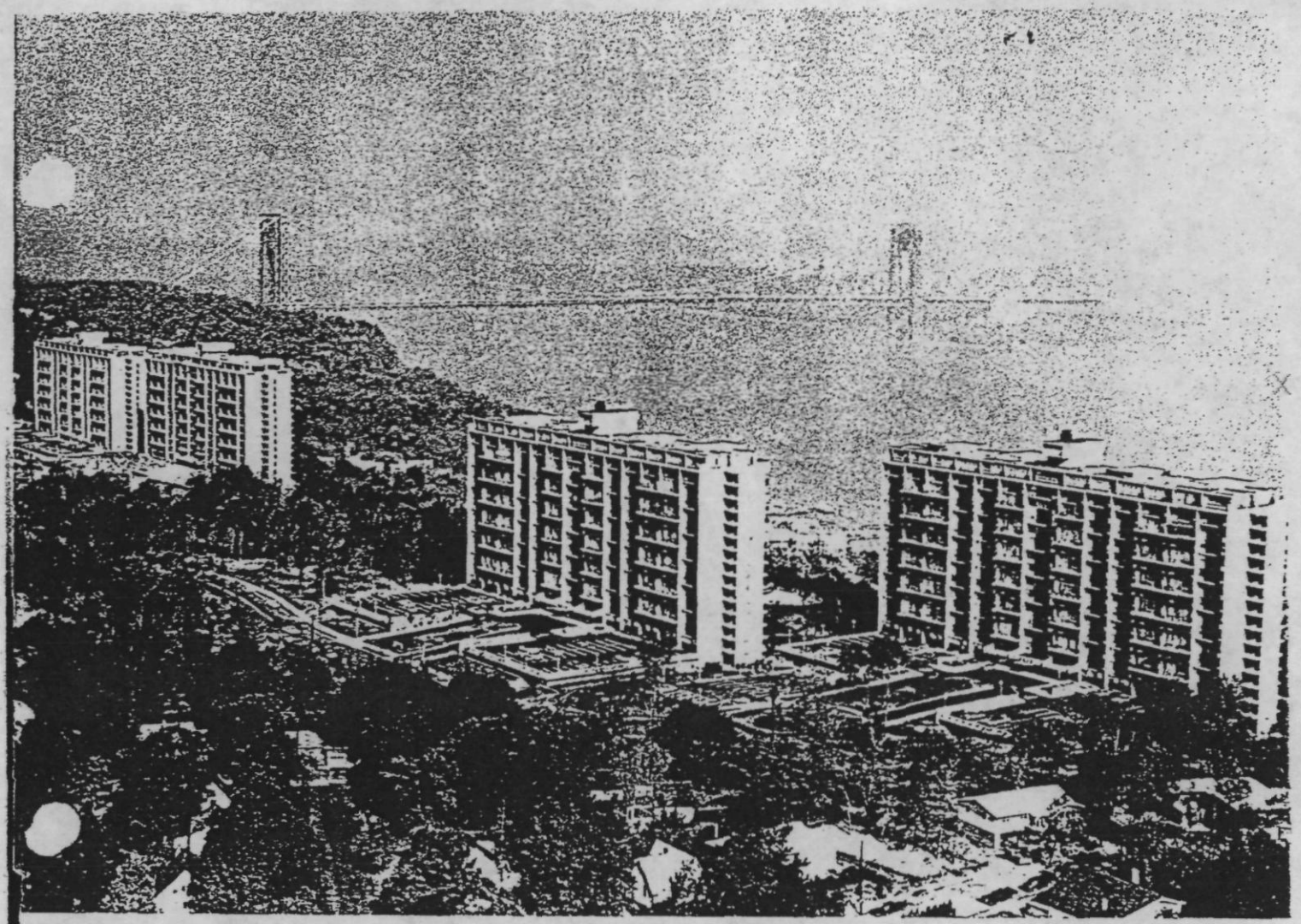
IN THE EAST



Leasing and management is under the direction of Alan V. Tishman (right), Executive Vice President, shown with (left to right) Walter J. Haring, Assistant Vice President for maintenance; Joseph P. Gavron, Director of Commercial Leasing; and Charles C. Quinn, Assistant Vice President for management.

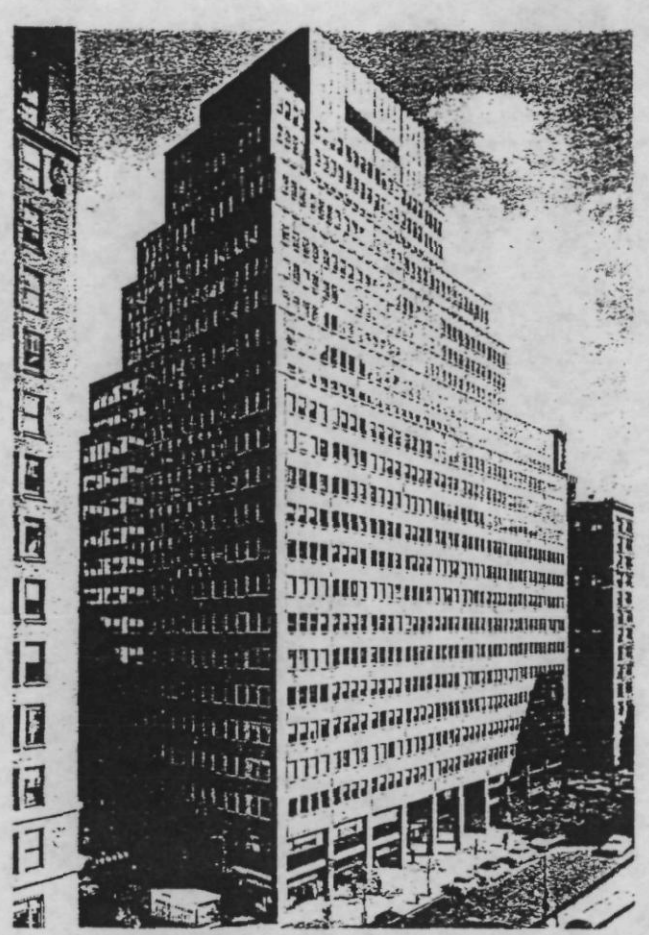
UNIVERSITY TERRACE. Built under urban renewal with financing provided by the City, University Terrace in Brooklyn, New York, was completed this year. The three 24-story middle income cooperative apartment houses contain 984 apartments with 4,600 rooms.

SUTTON TERRACE. Occupying a full block-front—York Avenue, 62nd to 63rd Streets—in Manhattan's fashionable Sutton Place area, the three 12-story apartment buildings overlook their own private park. Completed in 1950, Sutton Terrace has 482 apartments with 1,830 rooms and a 425-car garage.



HORIZON HOUSE. Located on the scenic Palisades of New Jersey, the 14-story and penthouse apartment buildings overlook the Hudson River and the New York skyline. Horizon House has been awarded citations by the New York State Association of Architects and the New Jersey Society of Architects. Three buildings are completed and occupied. Horizon House building four will be completed for occupancy in 1965. The four buildings will total 720 apartments with 3,146 rooms.

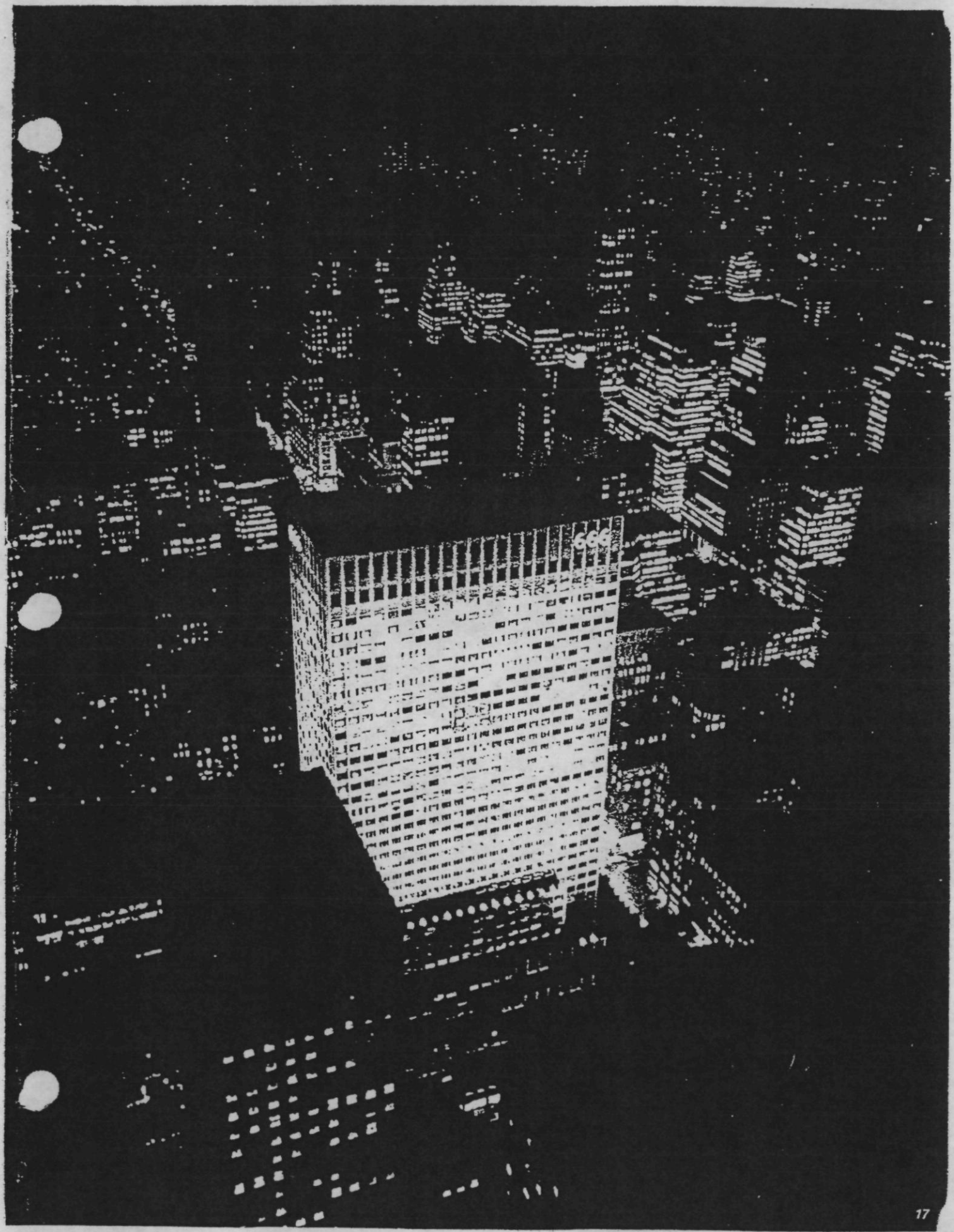
36-12



99 PARK AVENUE. Forerunner of the trend to metal-clad office buildings is 99 Park Avenue, New York City, 26-story office building completed in 1954. It is located two blocks south of Grand Central Station, on the east blockfront Park Avenue, 39th to 40th Streets. It contains 424,000 square feet of rentable area and a 60-car garage.

Irving M. Peretz (second from right), Treasurer, is shown with (left to right) Robert T. Jaeckel, Morris Schorr, and Irving Licht, Assistant Comptrollers.

TISHMAN BUILDING. A New York City landmark, the 39-story Tishman Building at 666 Fifth Avenue includes the Company's national headquarters. The building occupies the west blockfront Fifth Avenue, 52nd to 53rd Streets Completed in 1957, it contains 1,124,000 square feet of rentable area and a 69-car garage.



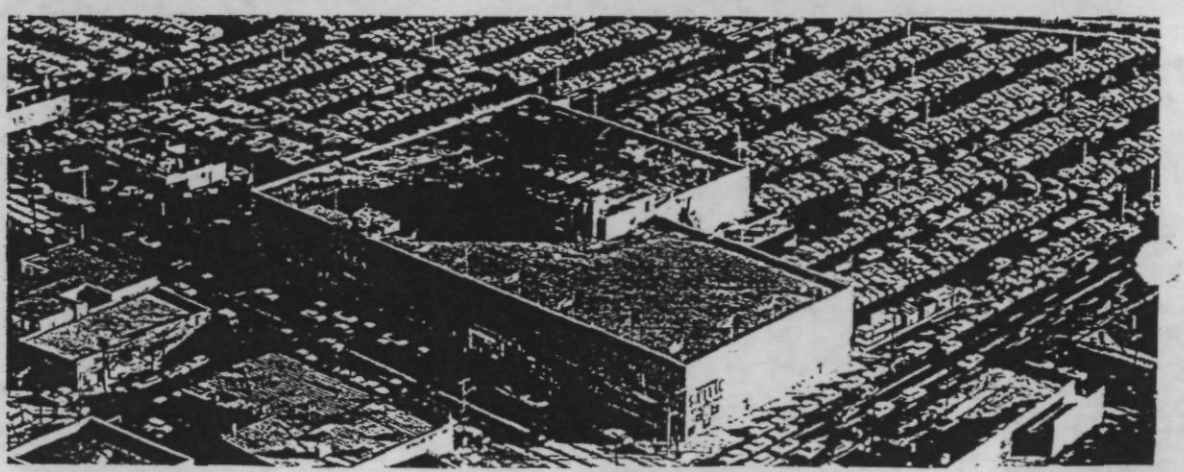
A YONKERS SHOPPING CENTER. This two-story shopping center in Yonkers, Westchester County, New York, is leased to the S. Klein Department Store. Completed in 1960, it contains 266,000 square feet of store area with parking for 3,000 cars.

B PHILADELPHIA INDUSTRIAL PARK. Shown are models of the various types of industrial buildings under construction or completed by your Company on the 651-acre industrial park surrounding the North Philadelphia Airport. In addition to the five buildings completed by your Company, there are nine other buildings totaling 1,490,000 square feet completed or under construction by other companies.

C WEST HEMPSTEAD SHOPPING CENTER. Built in 1956 — enlarged in 1960 — the West Hempstead Shopping Center has grown with the growing population in Nassau County, Long Island, New York. The center now contains

A

B



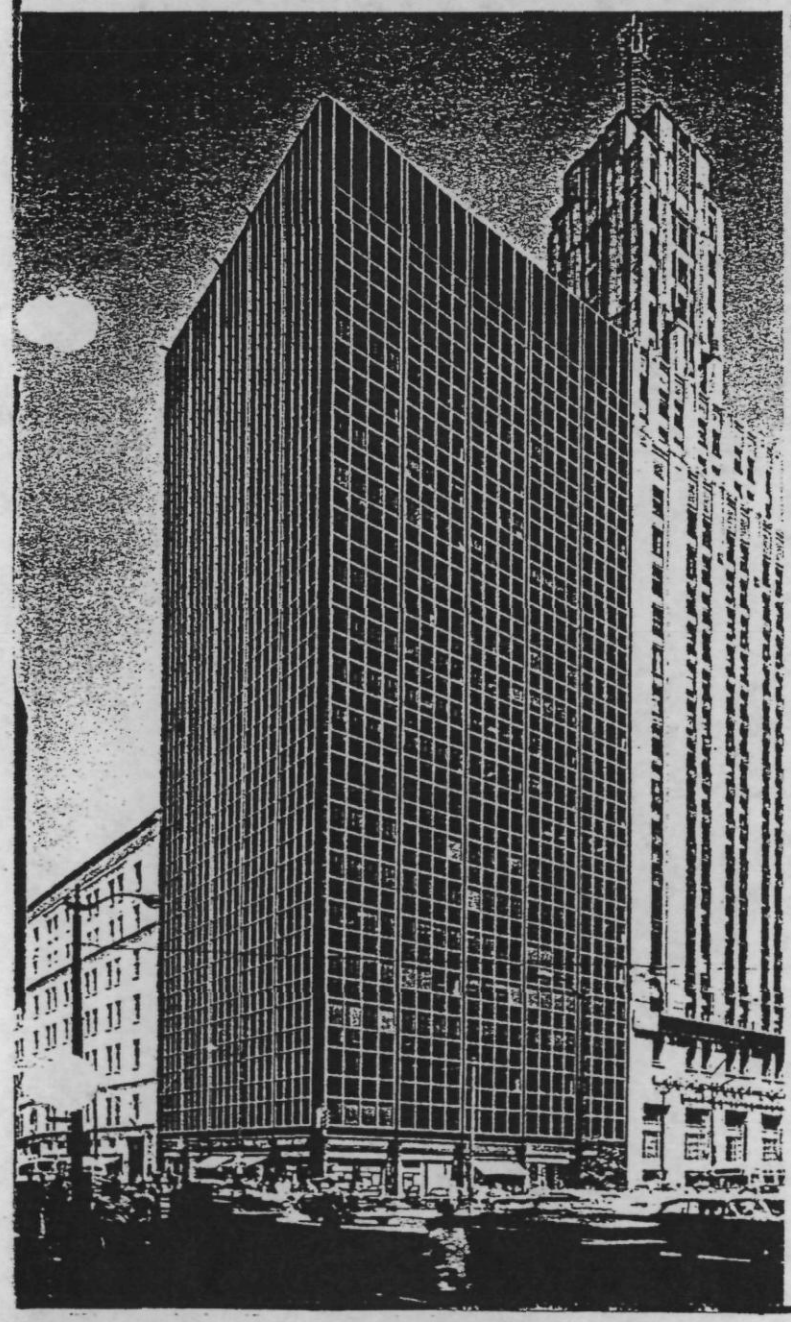
C

329,000 square feet of commercial space, with the S. Klein Department Store as major tenant. A parking field accommodates 1,100 cars.

D 10 LAFAYETTE SQUARE. This 20-story tower building, completed in 1959, was Buffalo's first new office building in 30 years. The location is the major intersection of Main Street and Lafayette Square. The building contains 160,000 square feet of rentable area.

E FAWCETT BUILDING. This 22-story office building occupies a strategic business corner at 44th Street and Avenue of the Americas in New York City. Modernized and enlarged in 1951, the Fawcett Building has 164,000 square feet of rentable area.

F THE LEGAL DEPARTMENT is headed by Robert E. Herman (left), Secretary and General Counsel, shown with Sol Pottish (right), Associate Counsel and Howard Weinstein, Assistant Counsel.



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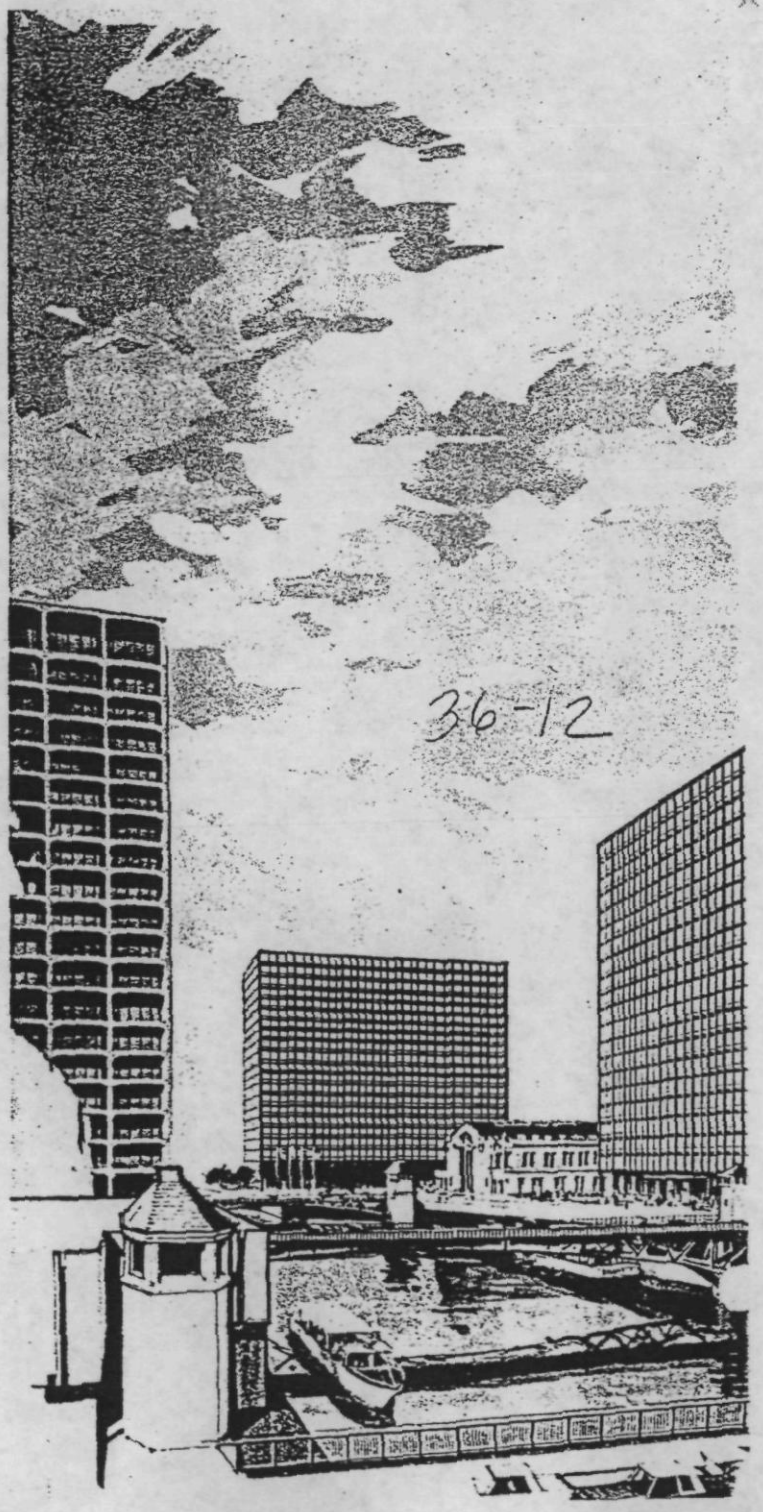
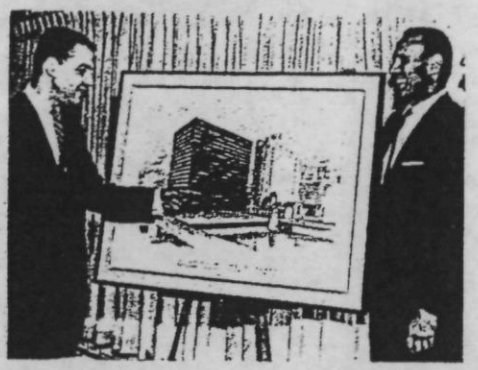
F

IN THE MIDWEST

CHICAGO'S GATEWAY CENTER. The $100,000,000 Gateway Center complex in downtown Chicago is rising along the Chicago River and above the railroad tracks of the Union Station. Three buildings are planned for this business and transportation hub. Construction is well advanced on the first, 10 South Riverside Plaza, shown on the right of the illustration. The 20-story building contains 651,000 square feet of rentable area, and will be surrounded by a 50,000 square foot esplanade, assuring maximum daylight and permanent open views. Among the major full floor tenants are Buchen Advertising, Westinghouse Electric, McCann-Erickson and American Bakeries. Architects for this building are Skidmore, Owings and Merrill of Chicago. It is scheduled for completion in the Spring of 1965.

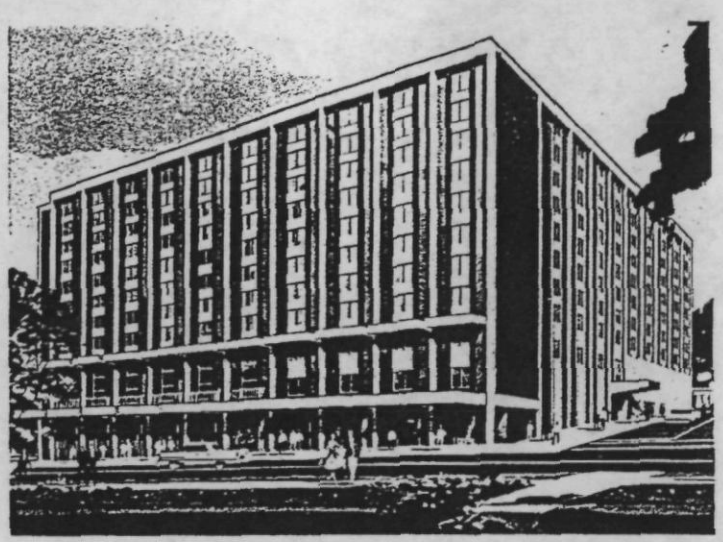




Perry Herst, Jr. (left), Vice President of Tishman Gateway Inc., a wholly-owned subsidiary of your Company, shown with Alan V. Tishman, Executive Vice President of the Company.

THE DORCHESTER. St. Louis' tallest apartment tower, the 23-story Dorchester is located on Skinker Boulevard overlooking Forest Park. It contains 189 apartments with 745 rooms and a 140-car garage. It was completed in 1963.

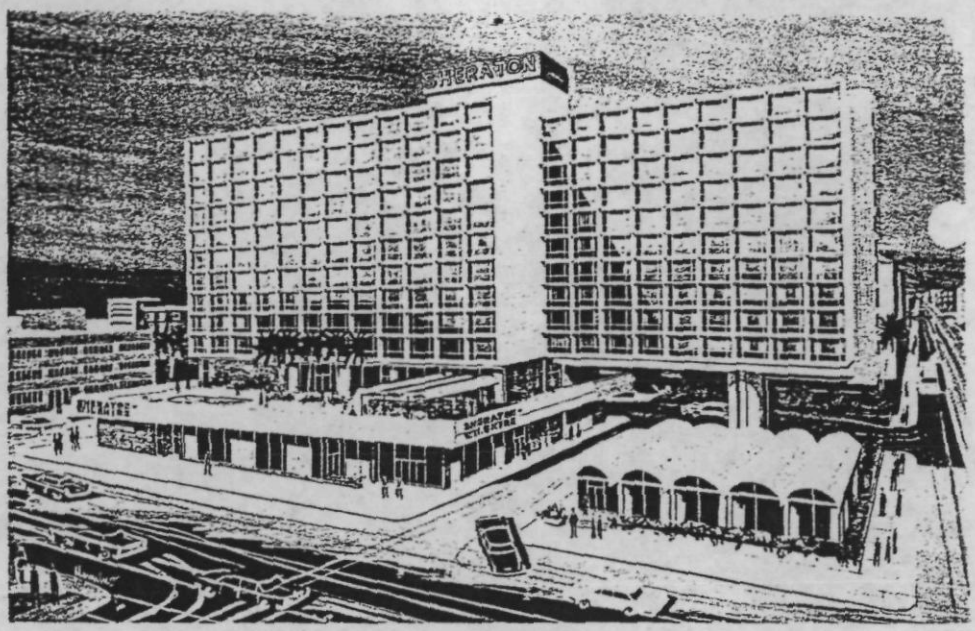
THE EAST OHIO BUILDING. Completed in 1959, this 21-story office building on 9th Street and Superior Avenue has become the focal point of Cleveland's new business district. It contains 325,000 square feet of rentable area, and has an attached 8-story garage accommodating 540 cars.



BROMLEY HALL. A striking new addition to Ohio University's dormitory program, Bromley Hall is being constructed on the campus at Athens, Ohio. The 9-story structure will contain 277 rooms for 581 students. Owned and managed by your Company, it will include the most modern facilities for student living, study, and relaxation, including central air conditioning and an indoor swimming pool. A resident staff will include a manager and housemother, a professional dietitian, and graduate student counsellors on each floor.

GATEWAY TOWERS. This 27-story apartment building is part of Pittsburgh's beautiful downtown environment known as Gateway Center. Bordering Point State Park and landscaped plazas, and overlooking the three rivers that surround Pittsburgh's apex, Gateway Towers was completed and occupied in 1964. It contains 314 apartments with 1,275 rooms, three floors of commercial space and a 140-car garage.

IN THE WEST



SHERATON-WILSHIRE MOTOR HOTEL. Latest addition to Wilshire Boulevard's "Tishman Row" in Los Angeles, this 12-story structure is scheduled for completion in 1965. The first new motor hotel in the rapidly growing Wilshire area, the Sheraton-Wilshire will be operated as a unit of the famed Sheraton Corporation hotel chain. It will contain 410 centrally air conditioned rooms, a swimming pool and lounge-patio, and a 241-car garage.

3440-50-60 WILSHIRE BOULEVARD. These three office buildings were completed in 1952 and were the forerunners of today's prestigious office building complex on Wilshire Boulevard in Los Angeles. The 12-story buildings contain a total of 507,000 square feet of rentable area and a 1,318-car parking lot and garage.

3325 WILSHIRE BOULEVARD. Completed in 1956, 3325 Wilshire Boulevard in Los Angeles is a 13-story office building containing 201,000 square feet of rentable area and a 357-car garage.

3540 WILSHIRE BOULEVARD. This office structure in Los Angeles, similar in design to 3325 Wilshire Boulevard, was completed in 1957. Its 13 stories contain 205,000 square feet of rentable area, and it has a 384-car garage.

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WILSHIRE FLOWER BUILDING. Rising 21 stories, this office building dominates its downtown Los Angeles environment. Located at the corner of Wilshire Boulevard and Flower Street—and completed in 1960—it has 307,000 square feet of rentable area and a 350-car garage.

WILSHIRE COMSTOCK. Neighboring the beautiful Los Angeles Country Club are the graceful 20-story towers of these twin luxury apartment houses. The two buildings total 214 apartments with 1,002 rooms, indoor parking for 320 cars, and include a swimming pool. Wilshire Comstock West (right) was completed in 1962; Wilshire Comstock East was completed in 1963.

William J. Williams (fourth from right), First Vice President, is shown with (left to right) John S. Fredericks, District Manager; Sol Berman, Renting Manager; Wallace E. Dunn, Director of Management and Renting; John B. Coman, Associate General Counsel and Assistant Secretary; Richard P. Graves, Vice President; Meyer Weingarten, Vice-President for Construction and Abe Bolsky, Project Manager.

OTHER ACTIVITIES

Your Company has four divisions which are an outgrowth of its main operations as builder-owner-manager. Ishman Research, General Contracting, Consultation and Management offer Ishman's experience in all phases of real estate and construction to other companies. Ishman Research has as its purpose the development of new techniques and products for the construction industry. Wells Television, another subsidiary of your Company, is the largest company in the field of leasing television sets.

WELLS TELEVISION

Jay Wells (standing), President of Wells Television, and Arnold Wells, Vice President, founded the firm in 1947. It was acquired by your Company in 1960.

During 1964, Wells Television continued to increase its volume of television rental income from both hotel and hospital leasing. Rental income should continue to increase with the steady growth of the hospital market.

Wells' leadership in television set leasing has broadened to include hospitals as well as hotels.

TISHMAN RESEARCH

Expanding its program during 1964, Tishman Research Corporation was retained by the School of Architecture of Pratt Institute as their consultant in the development of cost reduction methods for high-rise apartments, under a grant from the Housing and Home Finance Agency and the Ford Foundation.

Tishman Research continued its development and consulting activities for major corporations interested in developing new construction concepts and products. New retainers were received from the United States Gypsum Corporation and from Corning Glass Works. Projects continued with others, including Alcoa, Union Carbide, E. F. Hauserman, the York Division of Borg-Warner, Owens-Corning Fiberglas and your own Company. As a result of such activities, this year, for example, Owens-Corning Fiberglas is introducing in the residential market glass fiber products to control noise transmission; Alcoa is marketing labor-saving aluminum-reinforced forms for concrete; and Hauserman is furnishing improved sound isolation baffles of cast lead for commercial wall construction.

Joseph Freedman (seated in center), General Manager of Tishman Research, is shown with (left to right), John L. Tishman, Senior Vice President; Norman E. Mineo, Joseph Leonte and Edward H. Linde.

GENERAL CONTRACTING

The Company has always been the general contractor for the construction of its own properties. Many real estate firms, however, confine their activity to investment, and assign construction to an outside contractor. Since 1962, Tishman Construction Corporation has been handling a number of general contracting assignments for other firms. Currently, Tishman Construction has several jobs underway. For New York University it is constructing three 30-story apartment buildings in New York City. Nearing completion is a 350-room Holiday Inn Hotel (above) at the Los Angeles Airport.

CONSULTATION

Your Company's unique experience covering all facets of real estate was made available to other firms by the establishment of the Consultation Division in 1962, with the $100,000,000 Madison Square Garden project as its first assignment. Demolition was begun in 1963 to prepare the site above Pennsylvania Station for this sports and office building complex. The completion of the first phase of the project—the sports complex—is scheduled for 1967. In 1964, the Company was designated as consultant for U. S. Steel in the development of their West Side project in New York City.

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CONTRACT MANAGEMENT AND LEASING

Considering the range of your Company's current activities, a natural outgrowth of our wide experience in managing our own properties is Tishman Management Corporation, which now offers other firms the benefit of Tishman experience in this area. In addition to the management function, Tishman Management also handles leasing and insurance for its clients.

Edward S. Tishman (left), Vice President of the Company shown with Lester Taylor (right), Vice President of the Management and Insurance subsidiary, and Kenneth D. Laub, Vice President of the Management subsidiary, in charge of Leasing.

TISHMAN REALTY & CONSTRUCTION CO., INC.

CONSOLIDATED

assets

	September 30 1964	September 30 1963
Cash	$ 8,642,384	$ 8,556,443
Notes, accounts and other receivables, less reserves of $131,934 and $106,313, respectively (Note E)	2,229,378	2,297,522
Real estate—including leaseholds—at cost, less reserves for depreciation of $5,587,074 and $6,112,543, respectively (Notes F and I)	52,631,026	39,878,328
Construction in progress, including land (Note A)	10,809,879	4,760,186
Rental equipment—at cost, less reserves for depreciation of $5,350,046 and $4,347,174, respectively (Note E)	3,097,097	3,700,124
Furniture, fixtures, leasehold improvements and other equipment—at cost, less reserves for depreciation of $543,188 and $408,195, respectively	894,814	676,098
Mortgages receivable and accrued interest (Note B)	6,208,715	8,775,022
Investments in and accounts and mortgages receivable from controlled affiliates and others—net (Note C)	2,541,970	3,935,274
Sundry investments and deposits (Note [illegible])	811,898	671,527
Cash surrender value of insurance on officer's life		262,500
Deferred charges (Note D)	7,869,324	7,744,818
	$95,735,485	$81,257,837

The accompanying notes are an [illegible]

and Subsidiary Companies Consolidated

BALANCE SHEETS

Liabilities

	September 30, 1964	1963
Notes payable by rental equipment subsidiaries (Note E)	$ 2,144,296	$ 2,665,466
Accounts payable, accrued expenses and sundry liabilities—other than construction	3,945,086	2,892,041
Accounts payable and accrued expenses—construction (Note A)	4,685,613	3,952,401
Mortgages payable—construction in progress (Note A)	7,622,107	2,400,000
Other mortgages payable (Note F)	48,526,513	39,355,749
Reserves for Federal and Canadian income taxes (Note G)	1,477,813	2,245,559
Deferred credits, including rentals received in advance (Note B)	5,882,323	7,996,646
Total Liabilities and Deferred Credits	74,283,751	61,507,862
Minority Stockholders' Equity in Subsidiary Companies Consolidated	25,756	31,684
Capital Stock and Surplus (Note H):		
Common Stock—par value $1 per share:		
Authorized—3,000,000 shares;		
Issued—2,264,265 and 2,199,417 shares, respectively	2,264,265	2,199,417
Capital Surplus	9,423,760	8,042,049
Earned Surplus—per consolidated statement of earned surplus	11,096,506	10,616,056
	22,784,531	20,857,522
Less: Common Stock in treasury—285,787 and 54,884 shares, respectively	1,357,553	1,139,231
	21,426,978	19,718,291
General Comments (Notes A, C, F, I and J)		
	$95,736,485	$81,257,837

Integral part of this statement

TISHMAN REALTY & CONSTRUCTION CO., INC. and Subsidiary Companies Consolidated

CONSOLIDATED STATEMENTS OF INCOME

	Years ended September 30, 1964	1963*
Realty and Related Operations:		
Property income:		
Rentals	$19,020,913	$19,829,781
Other	197,042	212,076
	19,217,955	20,041,857
Property expenses:		
Real estate taxes	3,455,910	3,380,068
Interest on mortgages	2,314,017	1,814,550
Leasehold rentals	5,105,159	5,535,464
Other	5,610,642	5,549,839
	16,485,728	16,279,921
Income from operation of properties—before depreciation	**2,732,227**	**3,761,936**
Construction income—net	1,153,507	637,064
Profit on disposition of real estate—net (Note B)	3,443,050	3,819,429
Sundry—net	374,699	27,862
	7,703,483	8,190,567
General and corporate expenses	2,337,673	2,211,710
	5,365,810	5,978,857
Provision for depreciation—real estate	1,204,186	993,911
Net realty and related income before income taxes	**4,161,624**	**4,984,946**
Equipment leasing operations:		
Income	4,568,266	4,297,346
Operating and other costs—net, before depreciation	2,487,721	2,610,680
	2,080,545	1,686,666
Provision for depreciation	1,758,769	1,793,425
Net equipment leasing income/*loss* before income taxes	321,776	*106,759*
Net income before income taxes	4,483,400	4,878,187
Provision for Federal and state income taxes (Note G):		
On disposition of real estate	914,500	1,071,000
Other	560,000	640,000
	1,474,500	1,711,000
Net income	**$ 3,008,900**	**$ 3,167,187**

Red figures are designated by italics

CONSOLIDATED STATEMENTS OF EARNED SURPLUS

Earned Surplus as at beginning of year	$10,616,056	$ 9,935,459
Net income—per consolidated statements of income	3,008,900	3,167,187
	13,624,956	13,102,646
Deduct:		
Cash dividends (including $21,964 and $25,947, respectively, in lieu of fractional shares applicable to stock dividends distributed in January 1964 and 1963)	1,312,550	1,205,532
Transfer to Common Stock ($64,848 and $62,874, respectively) and to Capital Surplus ($1,151,052 and $1,218,184, respectively), in connection with stock dividends distributed in January 1964 and 1963	1,215,900	1,281,058
	2,528,450	2,486,590
Earned Surplus as at end of year (Note H)—per consolidated balance sheets	$11,096,506	$10,616,056

Gives effect to retroactive adjustments to conform the net income for the year ended September 30, 1963 and Earned Surplus as at that date to the amounts shown in the Registration Statement on Form S-1 of Park Avenue Realty Trust which became effective on July 21, 1964.

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The financial statements as at and for the year ended September 30, 1963 (as revised), are included for comparison purposes only. Reference should be made to the 1963 Annual Report for the Accountants' Report and notes pertaining to those financial statements.

Construction in Progress: Subsidiary companies had one apartment building, two office buildings, one motor hotel and a college dormitory project under construction at September 30, 1964. There is a minority interest in one of the office building projects. Not all contracts for construction have been awarded and the aggregate cost to be incurred on these projects, which will be substantial, is not presently determinable. It is contemplated that funds will be received through mortgage financing to cover a substantial portion of these expenditures. The unused balance of the mortgage loan commitments in connection with these projects was approximately $21,000,000 as at September 30, 1964. Completion of the construction has been guaranteed by the Company.

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Note B

Mortgages Receivable:	1964	1963
First mortgages on leaseholds, of which $452,453 and $690,480, respectively, are subordinated to mortgages on land and buildings	$5,948,453	$ 690,480
First mortgages on land and buildings	48,220	248,989
Second mortgage on leasehold and other mortgages	212,042	7,835,553*
	$6,208,715	$8,775,022

*Including $5,165,070 representing a second mortgage on leasehold in the prior year.

During a prior year, a subsidiary sold its interest in a leasehold property and received as partial payment therefor a second mortgage on which there remained an unpaid balance of $7,354,000 as at September 30, 1963. The profit on this transaction is being reported on the installment basis both for financial and tax reporting purposes.

In accordance with amendments to the mortgage in 1964, a reduction of $2,188,930 (resulting in a decrease in the related deferred credit in approximately the same amount) was given to the purchaser. In conjunction with the transaction whereby the Company reduced the principal amount of the leasehold mortgage to a balance of $5,165,070, of which $3,669,070 was received on October 15, 1964 and the balance of $1,496,000 is due on October 1, 1965, with interest at 6% per annum, the Company acquired, in October 1964, the existing first mortgage on the property, in the amount of $2,500,000, bearing interest at 3¼% per annum, maturing on June 1, 1967.

Investments in and Accounts and Mortgage Receivable from Controlled Affiliates and Others—Net: This caption relates to apartment projects and consists of a mortgage receivable and accrued interest, investments in unsold cooperative apartments held for resale and amounts due from purchasers of cooperative apartments, less a reserve for unrealized profit. There are minority interests in certain phases of two of the projects.

Note D

Deferred Charges:	1964	1963
Deferred mortgage expense	$1,099,030	$ 894,743
Deferred alterations	2,684,138	2,963,493
Deferred renting expenses	1,703,023	1,519,139
Deferred Federal income taxes (see Note G)	800,000	120,000
Unexpired insurance and other items	1,583,133	1,247,438
	$7,869,324	$7,744,813

Note E

Notes Payable by Rental Equipment Subsidiaries: Rental equipment (approximate cost $2,575,000), principally on premises of lessees, together with (i) certain assigned lease contracts, and (ii) accounts receivable ($167,000) are pledged as collateral to notes payable—banks—by these companies.

(cont'd next page)

Note E — (cont'd)

Notes payable are summarized as follows:

Banks — demand notes (collateralized), less cash ($21,049) in collateral bank accounts	$1,760,128
Others which are principally collateralized by the rental equipment of a subsidiary, and by the outstanding capital stock of such subsidiary, upon whose financial activities certain restrictions have been placed	384,168
	$2,144,296

As at September 30, 1964, the notes payable provide for amortization payments as follows:

Year ending September 30:	
1965	$1,034,960
1966	688,403
1967	348,050
1968	72,883
	$2,144,296

Tishman Realty & Construction Co., Inc. is not obligated on these notes.

Note F —

Other Mortgages Payable: As at September 30, 1964, mortgages payable provide for amortization and maturity payments summarized as follows:

Year ending September 30:		
1965	$ 8,691,673 (a)	
1966	909,260	
1967	994,356	
1968	1,047,077	
1969	1,099,993	$ 12,742,359
Maturities subsequent to September 30, 1969:		
October 1, 1969 — September 30, 1979	2,555,802	
October 1, 1979 — May 31, 2004	23,228,352	
	$38,526,513 (b)	

(a) Includes a building loan mortgage in the amount of $7,700,000 expected to be fully advanced out of the proceeds of a committed permanent mortgage which provides, among other matters, that the Company will be contingently liable for the payment of mortgage interest and amortization for a maximum initial period of five years in the event the gross annual rentals of the related building are below a stated amount.

(b) The foregoing tabulation includes $250,000 on which the Company will be contingently liable for the payment of principal and interest until the gross annual rentals of the related building are above a stated amount.

The foregoing tabulation does not include $7,622,107 shown as "Mortgages payable — construction in progress."

Irrevocable letters of credit aggregating approximately $1,620,000 applicable to properties under construction have been deposited as collateral with mortgagees and others until construction is fully completed.

As at September 30, 1964, the Company is not liable on mortgage obligations although various subsidiary companies are directly or contingently liable in an indeterminate amount without affecting the parent company, except as stated above.

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Taxes: The consolidated Federal income tax returns of the Company and its subsidiary companies were examined through September 30, 1959. The accompanying consolidated financial statements are subject to final determination of Federal, Canadian, state and local taxes.

The State of California has proposed assessments of additional franchise taxes against two subsidiaries for prior years, which approximate $250,000, including interest. In the opinion of California counsel for the Company, the position of the taxpayer in the controversy with the Franchise Tax Board is a meritorious one. No charge against earnings has been made in the accompanying consolidated financial statements for the aforementioned assessments, nor for related expenses.

The provision for Federal income taxes for the year ended September 30, 1964 gives effect to certain taxable income and deductions which have been capitalized or deferred for financial reporting purposes. The reserves for Federal and Canadian income taxes as at September 30, 1964 include approximately $565,000 for deferred taxes.

Note H —

Capital Stock and Surplus: Pursuant to the Stock Option Plan approved by the stockholders on January 31, 1961, options for 59,728 shares of the Company's Common Stock were outstanding as at September 30, 1964:

Date of Grant	Number of Shares	Option Price Per Share
February 21, 1961	27,583	$20.125
October 25, 1961	2,970	16.75
June 27, 1962	4,243	14.75
October 31, 1962	24,932	15.00

After adjustments resulting from the 3% stock dividends distributed in January 1963 and 1964.

The options are exercisable 20% in each year commencing one year after date of grant on a cumulative basis, expire in ten years and contain anti-dilution provisions.

Note H — (cont'd)

As at September 30, 1964, options for 3,182 shares were available for grant. During the year an option for 721 shares was exercised at an option price of $17.25 per share. The excess ($759) of proceeds received upon exercise of the option over the cost of the treasury shares issued has been credited to Capital Surplus.

On November 29, 1961, the Board of Directors authorized the management to acquire from time to time up to 60,000 shares of the Company's Common Stock in the open market, at such prices as it deems advantageous, for its Stock Option Plan. Pursuant thereto, the Company acquired 56,508 shares (including 3,208 shares represented by the 3% stock dividends referred to above) through September 30, 1964.

As at September 30, 1964, surplus is restricted in the amount of $1,357,553 representing the carrying amount of the Common Stock then held in the treasury.

A 3% Common Stock dividend (64,848 shares) was distributed in January 1964, in connection with which Capital Surplus was increased by $1,151,052, representing the excess of the fair market value over the par value of such shares.

On November 25, 1964, the Board of Directors declared a 3% Common Stock dividend distributable in January 1965.

Ownership of the leasehold, including the building thereon, located at 460 Park Avenue, New York, N .Y., was conveyed to the Park Avenue Realty Trust on April 9, 1964, subject to a mortgage not assumed by the Trust, in consideration of the issuance by the Trust to the Company of all the Shares of Beneficial Interest. The Shares of Beneficial Interest outstanding on July 21, 1964 (the date on which the Trust qualified as a real estate investment trust) were exchanged for 230,000 shares of the Company's Common Stock (now held for retirement). In connection therewith, Capital Surplus has been credited with the amount of $229,900 representing the aggregate par value ($230,000) of the 230,000 shares, less cash ($100) paid in by the Company.

Note I — 36-12

Leaseholds: Subsidiary companies as lessees have leaseholds, of which the principal are as follows:

Expiration Date of Lease	Minimum Annual Net Rental	Number of Renewal Periods	Term of Each Renewal (in Years)	Minimum Annual Net Rental During Renewal Period
1. September 30, 1989	$510,072	2	21	$220,000
2. September 16, 1970	360,000	4	21	91,000 (b)
3. June 30, 1971	405,000	4	21	135,000 (b)
4. September 30, 1982	362,736	3	21	166,250
5. November 30, 1984	773,000	2	25	300,000
6. May 31, 1988	749,004 (a)	2	25	395,000
7. December 9, 2061	115,000 (a)	None		
8. November 30, 2059 to January 27, 2062 (6 leases)	157,334	None		

(a) These leases provide for percentage rentals in addition to the minimums.

(b) Certain payments are required upon exercise of the first renewal options.

In addition to the foregoing leases, subsidiary companies are tenants in common with nonaffiliated entities under the following leases: (1) a lease expiring on August 1, 1982 (with renewal options to August 1, 2046), providing for a net rental of which the subsidiary company's annual share is $1,190,400 until September 30, 1978, and $1,194,000 for the balance of the initial term; the lease provides options to renew for four successive periods of sixteen years each at a net annual rental of which the subsidiary company's annual share is $522,000; the rights and obligations of the tenants in common, including, among other matters, restrictions as to sale and creation of indebtedness, are set forth in agreements between the parties; the Company manages the property under an agreement expiring April 30, 2006, and (2) a lease expiring on or about April 30, 2018 providing for a minimum net rental of which the subsidiary company's annual share is $120,000, plus a percentage rental; the lease provides options to renew for two periods of nine and ten years at the same minimum annual net rental, subject to increases dependent upon the fair market value of the premises at the commencement of each renewal period.

General Comments:

(a) At September 30, 1964 and thereafter, there were negotiations pending and commitments for the purchase and lease of various properties and equipment. Included are purchases of certain parcels of real estate and other assets which were contracted for prior to November 27, 1964.

(b) During a prior year, a subsidiary sold a leasehold on an office building, in connection with which the Company continues to manage the property, retain all receipts, pay all expenses and, in addition, pay $90,000 per annum to the assignee of the leasehold until September 30, 1966.

(c) In the opinion of management, settlement of pending litigation and claims asserted against the companies will have no material effect on the accompanying consolidated financial statements.

(d) The Company has an agreement with an officer, who is a director, which provides for annual compensation of $50,000 during the period of his active employment and, thereafter, during his lifetime, for annual compensation of $30,000. The accompanying consolidated financial statements do not give effect to any provision for future payments in connection therewith.

(e) The Company may become obligated to repurchase from a lending institution notes aggregating approximately $545,000 evidencing loans to cooperative apartment purchasers.

(f) The accounts of a Peruvian subsidiary (in liquidation), not significant, have not been included in the accompanying consolidated financial statements.

(g) The Company has guaranteed the completion of construction of apartment projects which are being constructed by a subsidiary for nonaffiliated interests.

ACCOUNTANTS' REPORT

To the Board of Directors
Tishman Realty & Construction Co., Inc.
New York, N. Y.

36-12

We have examined the consolidated balance sheet of Tishman Realty & Construction Co., Inc., and subsidiary companies consolidated as at September 30, 1964, and the related consolidated statements of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income and earned surplus, together with the notes to financial statements, present fairly the consolidated financial position of Tishman Realty & Construction Co., Inc., and subsidiary companies consolidated at September 30, 1964, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

New York, N. Y.
November 27, 1964

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WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

SECTION IV

CONSULTANT/CONTRACTOR SERVICES

IN COMPLIANCE WITH THE REQUEST OF THE SPONSOR, TISHMAN REALTY & CONSTRUCTION CO., INC. HAS REVIEWED SECTION III OF THE OUTLINE REQUIREMENTS FOR CONSULTANT/CONTRACTOR PREPARED BY THE SPONSOR AND HAS FORMULATED APPROACHES TO THE ENUMERATED CRITERIA. OUR INDICATED APPROACH TO EACH PHASE OF WORK IS OUTLINED IN THE FOLLOWING REPORT AND REFLECTS OUR EXPERIENCE AS CONSULTANT/CONTRACTORS ON OTHER PROJECTS, AS WELL AS OUR EXPERIENCE AS OWNER/BUILDER. WE HAVE ATTEMPTED TO ORIENT OUR ANALYSIS TO THE PROBLEMS PECULIAR TO THIS PROJECT, AS WELL AS TO ANTICIPATE AND PROPOSE PROGRAMS FOR PROBLEMS NOT LISTED BY THE SPONSOR. EACH OF THE APPLICABLE PRINCIPALS, DEPARTMENT HEADS AND THEIR STAFFS, HAS REVIEWED THE PORTIONS OF THE OUTLINE PERTAINING TO HIS PARTICULAR AREAS OF RESPONSIBILITY. THEIR OPINIONS AND CONCLUSIONS REGARDING THESE AREAS WERE COORDINATED THROUGH THE PROJECT EXECUTIVE FOR EVALUATION AND INCLUSION IN THIS REPORT. THE APPROACHES DEVELOPED ARE FLEXIBLE TO MEET CHANGING CONDITIONS, NEW JOB PROBLEMS AND UNFORESEEN REQUIREMENTS AS THEY MAY OCCUR. THE FOLLOWING REPORT REPRESENTS OUR UNDERSTANDING OF OUR RESPONSIBILITIES IF SELECTED AS CONSULTANT/CONTRACTOR ON THIS PROJECT.

I. DESIGN REVIEW AND COST CONSIDERATIONS

A. DESIGN REVIEW

WE WILL REVIEW WITH THE SPONSOR THE MAJOR CONSTRUCTION TRADES, SPECIAL ITEMS REQUIRING LONG FABRICATION LEAD TIMES, MATERIALS HANDLING AND LOGISTICS, AND SCHEDULING CONSIDERATIONS TO ESTABLISH THE FOLLOWING:

1. COMPLETENESS OF PLAN INFORMATION FOR BIDDER'S PURPOSES AND FEASIBILITY OF PERFORMANCE.
2. BID AND BID REVIEW PERIODS AS WELL AS CONTRACT AWARD DEADLINES.
3. LEAD TIME REQUIRED FOR DETAILING, FABRICATION AND DELIVERY.
4. COORDINATION OF WORK WITH OTHER TRADES.
5. DELIVERY, STORAGE, HOISTING AND INSTALLATION PROGRAMS.

WITHIN EACH DEPARTMENT, OUR APPROPRIATE STAFF MEMBERS WILL REVIEW SPECIFIC ITEMS FOR COST, ECONOMIES EXERCISED IN SIMILAR WORK ON PREVIOUS PROJECTS, MATERIALS HANDLING PROCEDURES ON SIMILAR PROJECTS (SUCH AS THE JOHN HANCOCK PROJECT), COORDINATION OF WORK WITH THE SPONSOR'S PROPOSED SCHEDULE, AND COMPLETENESS OF SPECIFICATIONS, PLANS AND DETAILS.

NECESSARY STUDIES BY OUR VARIOUS DEPARTMENTS INCLUDING ARCHITECTURAL, STRUCTURAL, MECHANICAL AND RESEARCH, SHALL BE INSTITUTED BY THE PROJECT EXECUTIVE AFTER CONSULTATION WITH THE SPONSOR TO INSURE THAT THE REQUIREMENTS OF THE OWNER ARE CRITICALLY REVIEWED, AND HIS ULTIMATE GOALS ARE MET. SUCH STUDIES WILL RESULT IN RECOMMENDATIONS TO BE SUBMITTED TO THE SPONSOR.

B. COSTS

INITIAL BUDGETS FOR THIS PROJECT WILL BE RECOMMENDED BASED UPON FIGURES SUBMITTED THROUGH THE SPONSOR TO US BY QUALIFIED BIDDERS. THESE PROPOSALS SHALL BE EVALUATED BY OUR PRINCIPALS, OUR DEPARTMENT HEADS, AND THEIR STAFFS, AND ADJUSTED TO REFLECT OUR EXPERIENCE IN SIMILAR WORK AS WELL AS OUR JUDGMENT WITH REGARD TO THIS PARTICULAR PROJECT.

OUR PROCEDURE WILL REQUIRE OUR VARIOUS DEPARTMENTS, AFTER THEY HAVE BECOME FAMILIAR WITH THE SCOPE OF THE WORK AND DESIGN, TO GUIDE THE SPONSOR IN THE DEVELOPMENT OF THE FOLLOWING:

1. SPECIAL CONDITIONS AND BID FORMS FOR EACH TRADE FOR SOLICITING BASE BIDS REFLECTING THE WORK AS OUTLINED BY THE ARCHITECTS AND ENGINEERS.

2. ADDITIONAL INFORMATION AS MAY BE APPROPRIATE REGARDING ALTERNATES, UNIT PRICES, AND SCHEDULING.

WE WILL ASSIST THE SPONSOR IN REVIEW MEETINGS TO BE HELD WITH BIDDERS TO DISCUSS THEIR PROPOSALS AND TO SOLICIT DESIGN, SCHEDULING AND COST INFORMATION FROM THESE PROSPECTIVE SUB-CONTRACTORS. WE WILL ALSO ASSIST THE SPONSOR IN EVALUATING THE INFORMATION PRESENTED BY THE BIDDERS AND SUGGEST WHICH ECONOMIES, DETAILS, ALTERNATES, CONSTRUCTION SCHEDULES AND SUGGESTIONS MAY WARRANT FURTHER CONSIDERATION.

C. COST ACCOUNTING AND CASH FLOW

AS AN OWNER/BUILDER WE HAVE DEVELOPED COST ACCOUNTING PROCEDURES WHICH, IN OUR OPINION, WILL MATERIALLY ASSIST THE SPONSOR IN ESTABLISHING AND MAINTAINING COST CONTROLS ON THIS PROJECT. WE WILL ASSIST THE SPONSOR IN ESTABLISHING AN AUTOMATED SYSTEM WHICH WILL UPDATE COSTS MONTHLY, INDICATING BUDGETS, EXPENDITURES, COSTS TO COMPLETE, ETC., AS THE JOB REQUIRES. OUR CONSTRUCTION COST DEPARTMENT OF OUR ACCOUNTING DIVISION WILL EXPLORE ANY SPECIAL

REQUIREMENTS THE SPONSOR MAY HAVE AND ASSIST HIM IN THE DEVELOPMENT OF A PROGRAM WHICH WILL MEET HIS NEEDS.

IN THE PREPARATION OF OUR EARLIER REPORT TO THE SPONSOR, WE DISCUSSED THE POSSIBILITIES OF APPLYING COMPUTER PROGRAMMING TO CASH FLOW PROBLEMS, AND DEVELOPED WITH OUR CPM CONSULTANT A PRELIMINARY PROGRAM FOR THIS PROJECT. WE WILL WORK WITH THE SPONSOR TO REFINE AND BROADEN THIS PROGRAM TO INCLUDE IN IT SUCH INFORMATION AS MAY BE NECESSARY TO PROVIDE ACCURATE COST CONTROL AND FORECASTING.

BASED UPON THE MASTER CPM PROGRAM, WE SHALL CONTINUE TO REVIEW WITH THE SPONSOR ON A MONTHLY BASIS COST PROJECTIONS AND SHALL RECOMMEND, FROM TIME TO TIME, SUCH REVISIONS AS, IN HIS JUDGMENT, MAY BE APPLICABLE. SUCH A PROGRAM OF BUDGET DEVELOPMENT, COST ACCOUNTING AND CASH FLOW WILL PROVIDE THE SPONSOR WITH CURRENT COST CONTROLS THROUGHOUT THE LIFE OF THE PROJECT.

II. SCHEDULE CONTROL

IN THE INITIAL REPORT FORWARDED TO THE SPONSOR, TISHMAN REALTY & CONSTRUCTION CO., INC. PROJECTED AN OUTLINE PROGRAM FOR THE CONSTRUCTION OF A SINGLE TOWER THROUGH THE USE OF CRITICAL PATH CHARTS. THE APPROACH USED IN THE DEVELOPMENT OF THOSE SCHEDULES WILL BE UTILIZED IN ASSISTING THE SPONSOR IN THE DEVELOPMENT OF AN INTEGRATED AND COMPLETE CONSTRUCTION PROGRAM FOR THE ENTIRE PROJECT.

THE DEVELOPMENT OF ACCURATE SCHEDULING INFORMATION IS MOST ESSENTIAL IN ESTABLISHING A REALISTIC CONSTRUCTION PROGRAM. TOWARD THIS END WE SHALL MAKE AVAILABLE TO THE SPONSOR OUR ANTICIPATED SCHEDULES WITH PARTICULAR CONSIDERATION GIVEN TO THE FOLLOWING:

1. PRELIMINARY DESIGN, REVIEW AND FINAL DESIGN TIME.
2. BID AND REVIEW PERIODS.
3. CONTRACT NEGOTIATION AND AWARD PERIODS.
4. SHOP DRAWING SCHEDULES AND KEY EQUIPMENT PURCHASE DEADLINES.
5. MATERIAL ORDERING, FABRICATION AND DELIVERY SCHEDULES.
6. JOB MOBILIZATION SCHEDULE BY TRADE.
7. CONSTRUCTION PROGRAMMING.

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IN THE DEVELOPMENT OF THE ABOVE, OUR DEPARTMENT HEADS, THEIR STAFFS, AND OUR FIELD SUPERVISORY PERSONNEL, WILL MEET WITH THE SPONSOR AND HIS ARCHITECTS, ENGINEERS, KEY POTENTIAL SUB-CONTRACTORS AND SUPPLIERS, AND REVIEW WITH THEM THEIR APPROACHES TO THE PROJECT; THEIR ANTICIPATED PROGRAMS; AND THEIR SPECIAL PROBLEMS OF FABRICATION, DELIVERY AND MATERIALS HANDLING. WE WILL ASSIST THE SPONSOR IN THE FOLLOWING:

1. COORDINATING AND EVALUATING THE INFORMATION SUBMITTED.

2. DEVELOPING A REALISTIC MASTER PROGRESS SCHEDULE, USING THE CRITICAL PATH APPROACH.

THIS SCHEDULE WILL REFLECT BOTH THE SPONSOR'S AND OUR OWN CONCLUSIONS, ESTABLISHING THE SCHEDULE FOR EACH TRADE AS IT APPLIES TO EACH PHASE OF THE JOB. THE MASTER PROGRAM WILL THEN BE BROKEN DOWN INTO SUB-SCHEDULES COVERING EACH MAJOR PHASE OF THE WORK IN DETAIL, AND WILL REFLECT THE COORDINATED PROGRESS OF EACH TRADE INVOLVED. SUCH SUB-SCHEDULES (AS WELL AS THE MASTER PROGRAM) SHALL BE ISSUED TO ALL PROFESSIONAL OFFICES, SUB-CONTRACTORS AND SUPPLIERS INVOLVED IN THE PROJECT AND SHALL DEFINE THEIR SCHEDULE RESPONSIBILITIES.

AFTER THE ESTABLISHMENT OF A MASTER PROGRAM AS OUTLINED ABOVE, WE, WITH THE SPONSOR, WILL PERFORM A THOROUGH, PERIODIC REVIEW OF ACTUAL PROGRESS AS COMPARED WITH ANTICIPATED PROGRESS. AS OFTEN AS MAY BE NECESSARY (BUT NOT LESS OFTEN THAN ONCE PER MONTH) AND ALWAYS AFTER MAJOR UNANTICIPATED EVENTS OCCUR, SUCH AS MATERIAL SHORTAGES, RE-DESIGN REQUIREMENTS, SEVERE WEATHER, STRIKES, ETC., WE SHALL REVIEW THE PROJECT PROGRESS WITH THE SPONSOR AND, AS MAY BE NECESSARY, WITH ARCHITECTS, ENGINEERS, SUB-CONTRACTORS AND SUPPLIERS WHO FIND THEIR ACTUAL PROGRESS IS NOT IN ACCORDANCE WITH THE SPONSOR'S PROGRAM. WE WILL THEN ASSIST THE SPONSOR IN DETERMINING WHAT ACTION IS APPROPRIATE AS A RESULT OF ACTUAL DEVIATIONS FROM THE SCHEDULE; WHETHER ANY COSTS ARE INVOLVED (AND IF SO, WHO IS RESPONSIBLE FOR SAME); AND WHAT EFFECT SUCH ACTION WILL HAVE ON THE WORK OF OTHERS AS WELL AS THE EFFECT IT WILL HAVE ON THE OVERALL PROJECT PROGRESS. AT THE CONCLUSION OF SUCH REVIEWS, WE WILL MAKE RECOMMENDATIONS TO THE SPONSOR TO INSURE THAT THE REVISED PROGRAM IS REALISTIC, IS COORDINATED WITH OTHER TRADES, AND MEETS THE SPONSOR'S COMPLETION REQUIREMENTS. AS A RESULT OF THESE DISCUSSIONS, THE MASTER PROGRAM, AS WELL AS ALL

AFFECTED SUB-SCHEDULES, SHALL BE REVISED AND RE-ISSUED BY THE SPONSOR TO ALL THOSE INVOLVED IN THE PROJECT. THE REVISED SCHEDULES SHALL CONSTITUTE THE NEW PROJECT PROGRAM.

THE PERIODIC REVIEW DESCRIBED ABOVE, MUST CONTINUE THROUGH THE LIFE OF THE PROJECT AND MUST CURRENTLY REFLECT THE ACTUAL PROGRESS AND REALISTIC PROJECTION OF ANTICIPATED PROGRESS IF IT IS TO BE OF VALUE TO THE SPONSOR. HOWEVER, THERE IS AN ADDITIONAL STEP WHICH IS MOST ESSENTIAL FOR THE PROPER APPLICATION OF THIS CONSTRUCTION TOOL. THE PERSONNEL (IN BOTH THE OFFICE AND THE FIELD) OF THE SPONSOR, CONTRACTOR, SUB-CONTRACTORS, ARCHITECTS AND ENGINEERS MUST BE EDUCATED IN THE DEVELOPMENT AND USE OF THIS SCHEDULING PROCEDURE. WE WILL ASSIST THE SPONSOR IN INSURING THAT THE NECESSARY PERSONNEL ARE INSTRUCTED IN THE PROPER USE OF THE PROJECT PROGRAM CHARTS AND THEN ASSIST THE SPONSOR IN SEEING THAT THEY DO, IN FACT, UTILIZE THEM.

III. CONSTRUCTION STAGING AND LOGISTICS

A. EARLY OCCUPANCY

SINCE IT IS THE SPONSOR'S DESIRE TO ACHIEVE EARLY OCCUPANCY IN PORTIONS OF THE BUILDINGS PRIOR TO COMPLETION OF CONSTRUCTION, WE WILL PROVIDE THE SPONSOR WITH THE RECOMMENDATIONS OF OUR VARIOUS DIVISIONS TOWARD ACHIEVING THIS END. THE DEPARTMENT HEADS AND THE STAFFS OF OUR CONSTRUCTION, MANAGEMENT, MAINTENANCE AND OPERATIONS, INSURANCE AND LEGAL DIVISIONS SHALL REVIEW WITH THE SPONSOR THE FOLLOWING AREAS:

1. EFFECT OF EARLY OCCUPANCY ON COMPLETION.
2. REQUIREMENTS OF AUTHORITIES HAVING JURISDICTION.
3. COSTS WHICH WILL RESULT FROM IMPOSED REQUIREMENTS AND RESTRICTED OPERATIONS.
4. HANDLING OF TENANT AND CONSTRUCTION PERSONNEL AND MATERIALS.
5. PROTECTIVE REQUIREMENTS FOR PUBLIC AND TENANTS AND THEIR COSTS.
6. SPECIAL INSURANCE REQUIREMENTS, IF ANY, AND THEIR COSTS.

7. BUILDING FACILITIES REQUIRED FOR OPERATION.

8. BUILDING PERSONNEL REQUIRED FOR OPERATION.

9. TEMPORARY EQUIPMENT REQUIRED FOR OCCUPANCY.

10. SECURITY.

UPON COMPLETION OF THESE REVIEWS, WE WILL MAKE RECOMMENDATIONS TO THE SPONSOR FOR ACHIEVING THE DESIRED, SAFE, EARLY OCCUPANCY. WE FEEL PARTICULARLY QUALIFIED TO PERFORM THIS SERVICE, SINCE WE HAVE, WITHIN OUR OFFICE, PERSONNEL EXPERIENCED IN EACH ESSENTIAL PHASE OF THIS PROGRAM.

WE WILL DEVELOP WITH THE SPONSOR SPECIFIC PROGRAMS COVERING TEMPORARY PROTECTION REQUIREMENTS, BOTH CONSTRUCTION AND OCCUPANCY; DELIVERY AND STORAGE AREAS; ACCEPTABLE AND LEGALLY COMPLIANT MEANS OF INGRESS AND EGRESS; BUILDING OPERATIONS REQUIREMENTS REGARDING TYPE AND NUMBER OF PERSONNEL, MAINTENANCE AND SECURITY; RESOLUTION OF LABOR JURISDICTION RELATING TO THE VARIOUS RESPONSIBILITIES OF THE CONSTRUCTION TRADES AND BUILDING MAINTENANCE UNIONS; COMMON USE OF BUILDING EQUIPMENT FOR BOTH CONSTRUCTION AND TENANTS; A PROGRAM FOR THE PERFORMANCE OF BASIC CONSTRUCTION TO AVOID CREATING DANGEROUS OR DISTURBING CONDITIONS FOR TENANTS AS WELL AS OTHER SPECIFIC PROBLEMS WHICH MAY ARISE FROM TIME TO TIME.

B. STAGING FOR MAINTENANCE OF PATH, T/A

WE SHALL REVIEW WITH THE SPONSOR THE REQUIREMENTS OF THE PATH TRANSPORTATION SYSTEM AND THE TRANSIT AUTHORITY SYSTEM AND SHALL EVALUATE THE FOLLOWING:

1. PRESENT FACILITIES AND THEIR EFFECT ON FOUNDATIONS.

2. POSSIBLE ALTERNATIVES TO INSURE CONTINUOUS SERVICE.

3. TEMPORARY WORK NECESSARY TO INSURE CONTINUOUS SERVICE.

4. SCHEDULES OF WORK IN CONJUNCTION WITH THE PROGRAM FOR THE "BATHTUB".

5. COORDINATION OF CONSTRUCTION OF NEW PATH WORK WITH NEW CONSTRUCTION OF W.T.C. BUILDINGS.

6. REVIEW OF ALTERATION WORK AND UTILIZATION OF EXISTING STRUCTURES WITHIN NEW WORK.

WE SHALL ASSIST THE SPONSOR IN DEVELOPING A SUB-PROGRAM FOR THE ABOVE PHASES OF THE WORK, WHICH WILL REFLECT COORDINATION WITH THE MASTER PROGRAM. IN ADDITION, WE WILL ASSIST THE SPONSOR IN DEVELOPING COSTS FOR THE PERFORMANCE OF THE CONSTRUCTION OF TEMPORARY FACILITIES AND ALTERATIONS REQUIRED TO MEET THE SPONSOR'S AND T/A'S OPERATION REQUIREMENTS.

C. STAGING FOR UTILITIES AND TEMPORARY SERVICE

WE SHALL REVIEW WITH THE SPONSOR, HIS OUTLINED PROGRAM REGARDING DEVELOPMENT AND SCHEDULING OF THE RELOCATION OF UTILITIES AND TEMPORARY SERVICES WITH REGARD TO THE FOLLOWING:

1. TRAFFIC FLOW AND TEMPORARY RAMPS.

2. TELEPHONE WORK.

3. PIER RENOVATION AND UTILIZATION.

4. CONSTRUCTION TRAFFIC FLOW.

WE SHALL EVALUATE THE SPONSOR'S PROGRAM, INDICATING OUR RECOMMENDATIONS APPLICABLE TO COORDINATION OF PUBLIC AND CONSTRUCTION TRAFFIC; SCHEDULING OF TEMPORARY UTILITIES; AND UTILITIES MAINTENANCE AND OPERATIONS. WE SHALL ASSIST THE SPONSOR IN ESTABLISHING AND COORDINATING HIS PROGRAM WITH THE UTILITY COMPANIES, TO INSURE THAT CONTINUOUS AND ADEQUATE SERVICES ARE AVAILABLE AT THE SITE.

IV. DEVELOPMENT OF CONTRACT DOCUMENTS AND ESTIMATES

A. CONTRACT DOCUMENTS

AS INDICATED ABOVE, WE WILL ASSIST THE SPONSOR IN THE DEVELOPMENT OF BID DOCUMENTS. SINCE THE BIDS SUBMITTED BY SUCCESSFUL SUB-CONTRACTORS WILL, AFTER DISCUSSION AND NEGOTIATION, FORM THE BASIS FOR THE CONTRACT, THE BID DOCUMENTS, PREVIOUSLY MENTIONED, REPRESENT THE FIRST PHASE OF CONTRACT DEVELOPMENT. THROUGH OUR CONSTRUCTION, INSURANCE, ACCOUNTING AND LEGAL DIVISIONS, WE WILL ASSIST THE SPONSOR IN THE DEVELOPMENT OF CONSTRUCTION AND MATERIALS-PURCHASING CONTRACT FORMS, WHICH WILL INCLUDE, AMONG OTHER ARTICLES, APPROPRIATE GENERAL CONDITIONS, INSURANCE, PERFORMANCE, PAYMENT AND JOB OPERATIONS CLAUSES. THIS SERVICE SHALL

BE A REPETITION OF THE SERVICES TISHMAN REALTY & CONSTRUCTION CO., INC. HAS RECENTLY PERFORMED FOR THE SPONSORS ON THE MADISON SQUARE GARDEN PROJECT, AND THE JOHN HANCOCK CENTER.

WE WILL ASSIST THE SPONSOR IN ESTABLISHING THE SCOPE OF WORK FOR EACH TRADE. APPROPRIATE PERSONNEL FROM OUR STAFF WILL REVIEW PLANS AND SPECIFICATIONS AND BE PREPARED TO ASSIST THE SPONSOR IN INTERVIEWING BIDDERS, EVALUATING ESTIMATES, INVESTIGATING BIDDERS' SUGGESTIONS AND ALTERNATES, REVIEWING PROPOSED SCHEDULES, AND CONCLUDING THE BEST AND MOST DESIRABLE AWARD FOR EACH PARTICULAR TRADE. WE WILL THEN ASSIST THE SPONSOR, HIS ARCHITECTS, AND HIS ENGINEERS, IN THE DEVELOPMENT OF REVISIONS TO PLANS AND THE PREPARATION OF ADDENDA TO SPECIFICATIONS.

WE SHALL ASSIST THE SPONSOR IN THE DEVELOPMENT OF SPECIAL CONDITIONS APPLICABLE TO EACH TRADE. THESE CONDITIONS SHALL BE MADE AS AN ADDENDUM TO SPECIFICATIONS, OR A SEPARATE RIDER, DEPENDING UPON THEIR CONTENT. SUCH SPECIAL CONDITIONS FOR EACH TRADE SHALL INCLUDE PARTICULAR RESTRICTIONS OR CONSIDERATIONS; DESIGNATION OF DELIVERY AND MATERIALS HANDLING AREAS; HOISTING AND DISTRIBUTION REQUIREMENTS; SHOP DRAWINGS, DETAILS AND SUBMISSION PROCEDURES, ETC.

WE WILL ASSIST THE SPONSOR IN ESTABLISHING THE APPROPRIATE COSTS OF CONTRACTS FOR EACH TRADE, AND IF REQUESTED, WILL ASSIST THE SPONSOR IN FINAL CONTRACT NEGOTIATIONS. IN ADDITION TO ESTABLISHING THE BASE CONTRACT PRICE, SUCH NEGOTIATIONS SHALL INCLUDE THE RESOLUTION OF COSTS OF DESIRED ALTERNATES WHICH MAY INCREASE, DECREASE, OR ALTER THE SCOPE OF WORK AND/OR DESIGN, AS WELL AS A DETERMINATION OF UNIT PRICES APPLICABLE TO ADDITIONAL OR DELETED LABOR AND MATERIALS WHICH MAY BE REQUIRED BY THE OWNER DURING THE LIFE OF THE PROJECT.

AS PART OF CONTRACT NEGOTIATIONS (AND NO LESS IMPORTANT THAN RESOLUTION OF CONTRACT PRICE) WE WILL ASSIST THE SPONSOR IN DEFINING WITH THE VARIOUS CONTRACTORS, SCHEDULE OBLIGATIONS WHICH SHALL CONFORM TO THE SPONSOR'S MASTER PROGRAM, AND WHICH SHALL BECOME A REQUIREMENT OF THE AGREEMENT. WE WILL REVIEW WITH THE SPONSOR THE DESIRABILITY OF INCLUDING IN PARTICULAR CONTRACTS, BONUS AND PENALTY CLAUSES. SUCH CLAUSES MAY BE APPLICABLE TO VARIOUS STAGES OF THE WORK, OR OVERALL COMPLETION, AND SHALL BE ESTABLISHED WITH ONLY THOSE TRADES WHERE SUCH ACTION PROVIDES AN ADVANTAGE TO

THE SPONSOR. IN THIS REVIEW OF CONTRACT SCHEDULING, AND IN ADDITION TO DETERMINING TOTAL COMPLETION TIME REQUIRED FOR EACH TRADE, THE COMPLETION OF EACH PHASE OF WORK SHALL BE REVISED AND ESTABLISHED.

THROUGH OUR RESEARCH AND CONSTRUCTION DIVISIONS WE MAINTAIN CLOSE RELATIONSHIPS WITH MANY MAJOR MANUFACTURERS AND SUPPLIERS. THESE DIVISIONS ASSIST OUR RESEARCH CLIENTS IN THE DEVELOPMENT OF NEW MATERIALS AND CONSTRUCTION TECHNIQUES, AS WELL AS FINDING NEW APPLICATIONS FOR EXISTING PROGRAMS. THESE CLIENT RELATIONSHIPS CAN BE OF MATERIAL VALUE TO THE SPONSOR IN THE DEVELOPMENT OF ALTERNATE AND UNIQUE PRODUCTS AND TECHNIQUES FOR USE IN THIS PROJECT.

WE WILL ASSIST THE SPONSOR IN DETERMINING THE TYPE OF AGREEMENT BEST SUITED TO EACH TRADE; I.E. LUMP SUM, UNIT PRICE, MAXIMUM UPSET PRICE, COST PLUS FIXED FEE, ETC. IN DEVELOPING RECOMMENDATIONS FOR THE SPONSOR, WE WILL CONSIDER THE FOLLOWING:

1. TRADE AND CONTRACTOR.
2. FLEXIBILITY OF DESIGN.
3. DESIRABILITY OF SOLICITING CONTRACTOR'S ASSISTANCE IN FINALIZING DETAILS, MATERIALS AND EQUIPMENT.
4. LEAD TIME REQUIRED AFTER CONTRACT FOR PREPARATION OF DETAILS, FABRICATION, AND DELIVERY.
5. VARIABLE CONDITIONS DIRECTLY AFFECTING SCHEDULING AND COSTS.
6. OPPORTUNITIES FOR PARTICIPATION IN COST SAVINGS.

B. COORDINATION OF CONTRACTS

WE SHALL ASSIST THE SPONSOR IN ESTABLISHING VARIOUS PROGRAMS WHICH WILL RESOLVE PROBLEMS COMMON TO ALL OR SEVERAL TRADES AND NECESSARY FOR COORDINATION AND PERFORMANCE OF THE WORK OF THESE TRADES ON THE PROJECT. SUCH AREAS OF COMMON INTEREST SHALL INCLUDE THE FOLLOWING:

1. MEANS OF INGRESS AND EGRESS.
2. COORDINATION WITH AUTHORITIES HAVING JURISDICTION REGARDING TRAFFIC, SAFETY AND CONSTRUCTION.
3. COORDINATION WITH PUBLIC VEHICULAR AND PEDESTRIAN TRAFFIC

4. ESTABLISHMENT OF DELIVERY, UNLOADING AND STORAGE AREAS.

5. ESTABLISHMENT OF ASSEMBLY AND ON SITE MANUFACTURING AREAS.

6. CONSTRUCTION TRAFFIC FLOW.

7. VERTICAL TRANSPORTATION - CONSTRUCTION MATERIALS.

8. VERTICAL TRANSPORTATION - CONSTRUCTION PERSONNEL.

9. JOB PROTECTION AND TRADE PROTECTION.

10. DISPOSAL OF TRASH AND DEBRIS.

11. COORDINATION OF WORK WITH INTERRELATED TRADES.

12. INSURANCE PROGRAM PROVIDING APPROPRIATE COVERAGE.

UPON CONCLUSION OF THESE STUDIES, WE WILL ASSIST THE SPONSOR IN ESTABLISHING A GENERAL CONTRACTOR'S PROGRAM FOR COORDINATING THESE AREAS. IN SOME INSTANCES, A GENERAL CONDITIONS RIDER CAN BE DRAFTED FOR INCLUSION IN ALL CONTRACTS AFFECTED BY AN ESTABLISHED PROCEDURE (SUCH AS AN INSURANCE PROGRAM) WHILE A SPECIAL CONDITIONS RIDER MAY BE APPLICABLE TO TWO OR MORE ISOLATED TRADES (SUCH AS COORDINATION OF HOISTING MAJOR MECHANICAL AND ELECTRICAL EQUIPMENT WITH THE STEEL ERECTOR'S DERRICK). WE WILL ESTABLISH WITH THE SPONSOR OVERALL JOB PROCEDURES AFFECTING ITEMS SIMILAR TO THOSE LISTED, AND THROUGH APPROPRIATE SECTIONS OF THE CONTRACTS WILL GUIDE SUCH CONTRACTORS IN THE COORDINATION OF THEIR WORK.

V. LABOR RELATIONS

WE WILL ASSIST THE SPONSOR IN REVIEWING THE ANTICIPATED CONSTRUCTION PROGRAM TO DETERMINE WHAT POTENTIAL PROBLEM AREAS MAY EXIST WHICH NEED RESOLUTION BETWEEN LABOR AND MANAGEMENT PRIOR TO THE START OF WORK. THESE AREAS WOULD INCLUDE THE FOLLOWING:

1. DESIGN RELATING TO UTILIZATION OF NEW MATERIALS AND TECHNIQUES.

2. DIVISION AND ASSIGNMENT OF WORK BY SPECIFICATION SECTION OF CONTRACT TO MINIMIZE JURISDICTIONAL CLAIMS.

3. SCHEDULING OF VARIOUS OPERATIONS.

4. MAKE-UP TIME AND PERSONNEL HOISTING REQUIREMENTS.

5. TEMPORARY UTILITIES, MAINTENANCE AND OPERATIONS REQUIREMENTS.

6. RESOLUTION OF CONSTRUCTION AND BUILDING MAINTENANCE RESPONSIBILITIES AT EARLY OCCUPANCY AND PRIOR TO COMPLETION OF CONSTRUCTION.

7. BUILDING MAINTENANCE REQUIREMENTS AFTER COMPLETION OF CONSTRUCTION.

WE WILL ASSIST THE SPONSOR IN EVALUATING PROBLEM AREAS, ESTABLISHING DESIRED PROCEDURE, AND EXPLORING WITH LABOR OFFICIALS MUTUALLY ACCEPTABLE SOLUTIONS. IN ADDITION TO THOSE PERSONNEL IN OUR CONSTRUCTION, MANAGEMENT, MAINTENANCE AND LEGAL STAFFS, THE CONSULTANT RETAINS ONE OF THE FOREMOST LABOR RELATIONS COUNSELORS, MR. THEODORE KHEEL, FOR THE PURPOSE OF RESOLVING LABOR PROBLEMS WHICH ARISE FROM TIME TO TIME ON OUR OWN WORK. WE WISH TO STRESS, HOWEVER, THAT OUR RELATIONS WITH LABOR IN NEW YORK AND THROUGHOUT THE NATION HAVE BEEN EXCELLENT AND, IN FACT, THAT OUR GOOD OFFICES HAVE BEEN UTILIZED MANY TIMES IN THE PAST TO HELP SOLVE INDUSTRY-WIDE LABOR PROBLEMS.

MOST LABOR PROBLEM AREAS WHICH CAN BE ANTICIPATED, SHOULD BE RESOLVED PRIOR TO THE START OF THE WORK SO THAT THE PRESSURE OF SCHEDULING AND JOB PROGRESS DO NOT ENTER INTO THE DELIBERATIONS AND RESOLUTIONS OF SUCH PROBLEMS. WHERE RESOLUTION OF THOSE CLAIMS CANNOT BE REACHED PRIOR TO THE START OF WORK, TRADE ASSIGNMENTS MUST BE MADE AS EARLY AS POSSIBLE BY THE SPONSOR SO THAT THE DISPUTANTS CAN SEEK RELIEF THROUGH THE BUILDING TRADES EMPLOYMENT ASSOCIATION PRIOR TO ANY RESULTANT DELAY ON THE JOB. WE WILL ADVISE THE SPONSOR REGARDING PRECEDENT AND PRACTICE IN THE INDUSTRY, PRIOR TO THE SPONSOR'S ASSIGNMENT OF WORK.

WE WILL ASSIST THE SPONSOR IN DEVELOPING SCHEDULES AND PROGRAMS RELATING TO VERTICAL PERSONNEL TRANSPORTATION, SAFETY AND MEDICAL ASSISTANCE, SANITARY FACILITIES, SHANTY REQUIREMENTS AND SECURITY, ETC. SINCE THESE PROBLEMS WILL AFFECT ALL TRADES ON THE JOB, THE SPONSOR MAY WISH TO REVIEW THESE JOB ADMINISTRATION PROCEDURES WITH THE RESPONSIBLE JOINT LABOR COUNCIL LEADERS SO THAT THEIR ADEQUACY CAN BE CONFIRMED.

SPECIFIC PROBLEMS SUCH AS TEMPORARY HEAT, INSTALLATION OF TELEPHONE BOXES AND WIRE, MAINTENANCE OF TEMPORARY LIGHT, ELEVATORS, ETC., WILL BE REVIEWED BY US WITH REGARD TO SCHEDULING, COORDINATION WITH OTHER WORK, COSTS, AND ALTERNATES.

WE WILL ASSIST THE SPONSOR IN ESTABLISHING, WITH LABOR OFFICIALS, APPROPRIATE MACHINERY WHICH CAN RESOLVE MAJOR UNANTICIPATED PROBLEMS WHICH MAY OCCUR ON THE PROJECT DURING THE COURSE OF THE WORK; AS WELL AS DISPUTES WHICH THREATEN TO AFFECT THE PROGRESS OF THE JOB. THE MAINTAINING OF A CONSTRUCTION PROGRAM, UNHAMPERED BY CONTINUOUS JOB STOPPAGES DUE TO LABOR DISAGREEMENTS IS AN ABSOLUTE NECESSITY TO INSURE THE SUCCESS OF THIS PROJECT.

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SECTION IV

CONSULTANT/CONTRACTOR SERVICES

WORLD TRADE CENTER - TISHMAN REALTY & CONSTRUCTION CO., INC.

IN COMPLIANCE WITH THE REQUEST OF THE SPONSOR, TISHMAN REALTY & CONSTRUCTION CO., INC. HAS REVIEWED SECTION III OF THE OUTLINE REQUIREMENTS FOR CONSULTANT/CONTRACTOR PREPARED BY THE SPONSOR AND HAS FORMULATED APPROACHES TO THE ENUMERATED CRITERIA. OUR INDICATED APPROACH TO EACH PHASE OF WORK IS OUTLINED IN THE FOLLOWING REPORT AND REFLECTS OUR EXPERIENCE AS CONSULTANT/CONTRACTORS ON OTHER PROJECTS, AS WELL AS OUR EXPERIENCE AS OWNER/BUILDER. WE HAVE ATTEMPTED TO ORIENT OUR ANALYSIS TO THE PROBLEMS PECULIAR TO THIS PROJECT, AS WELL AS TO ANTICIPATE AND PROPOSE PROGRAMS FOR PROBLEMS NOT LISTED BY THE SPONSOR. EACH OF THE APPLICABLE PRINCIPALS, DEPARTMENT HEADS AND THEIR STAFFS, HAS REVIEWED THE PORTIONS OF THE OUTLINE PERTAINING TO HIS PARTICULAR AREAS OF RESPONSIBILITY. THEIR OPINIONS AND CONCLUSIONS REGARDING THESE AREAS WERE COORDINATED THROUGH THE PROJECT EXECUTIVE FOR EVALUATION AND INCLUSION IN THIS REPORT. THE APPROACHES DEVELOPED ARE FLEXIBLE TO MEET CHANGING CONDITIONS, NEW JOB PROBLEMS AND UNFORESEEN REQUIREMENTS AS THEY MAY OCCUR. THE FOLLOWING REPORT REPRESENTS OUR UNDERSTANDING OF OUR RESPONSIBILITIES IF SELECTED AS CONSULTANT/CONTRACTOR ON THIS PROJECT.

I. DESIGN REVIEW AND COST CONSIDERATIONS

A. DESIGN REVIEW

WE WILL REVIEW WITH THE SPONSOR THE MAJOR CONSTRUCTION TRADES, SPECIAL ITEMS REQUIRING LONG FABRICATION LEAD TIMES, MATERIALS HANDLING AND LOGISTICS, AND SCHEDULING CONSIDERATIONS TO ESTABLISH THE FOLLOWING:

1. COMPLETENESS OF PLAN INFORMATION FOR BIDDER'S PURPOSES AND FEASIBILITY OF PERFORMANCE.
2. BID AND BID REVIEW PERIODS AS WELL AS CONTRACT AWARD DEADLINES.
3. LEAD TIME REQUIRED FOR DETAILING, FABRICATION AND DELIVERY.
4. COORDINATION OF WORK WITH OTHER TRADES.
5. DELIVERY, STORAGE, HOISTING AND INSTALLATION PROGRAMS.

WITHIN EACH DEPARTMENT, OUR APPROPRIATE STAFF MEMBERS WILL REVIEW SPECIFIC ITEMS FOR COST, ECONOMIES EXERCISED IN SIMILAR WORK ON PREVIOUS PROJECTS, MATERIALS HANDLING PROCEDURES ON SIMILAR PROJECTS (SUCH AS THE JOHN HANCOCK PROJECT), COORDINATION OF WORK WITH THE SPONSOR'S PROPOSED SCHEDULE, AND COMPLETENESS OF SPECIFICATIONS, PLANS AND DETAILS.

NECESSARY STUDIES BY OUR VARIOUS DEPARTMENTS INCLUDING ARCHITECTURAL, STRUCTURAL, MECHANICAL AND RESEARCH, SHALL BE INSTITUTED BY THE PROJECT EXECUTIVE AFTER CONSULTATION WITH THE SPONSOR TO INSURE THAT THE REQUIREMENTS OF THE OWNER ARE CRITICALLY REVIEWED, AND HIS ULTIMATE GOALS ARE MET. SUCH STUDIES WILL RESULT IN RECOMMENDATIONS TO BE SUBMITTED TO THE SPONSOR.

B. COSTS

INITIAL BUDGETS FOR THIS PROJECT WILL BE RECOMMENDED BASED UPON FIGURES SUBMITTED THROUGH THE SPONSOR TO US BY QUALIFIED BIDDERS. THESE PROPOSALS SHALL BE EVALUATED BY OUR PRINCIPALS, OUR DEPARTMENT HEADS, AND THEIR STAFFS, AND ADJUSTED TO REFLECT OUR EXPERIENCE IN SIMILAR WORK AS WELL AS OUR JUDGMENT WITH REGARD TO THIS PARTICULAR PROJECT.

OUR PROCEDURE WILL REQUIRE OUR VARIOUS DEPARTMENTS, AFTER THEY HAVE BECOME FAMILIAR WITH THE SCOPE OF THE WORK AND DESIGN, TO GUIDE THE SPONSOR IN THE DEVELOPMENT OF THE FOLLOWING:

1. SPECIAL CONDITIONS AND BID FORMS FOR EACH TRADE FOR SOLICITING BASE BIDS REFLECTING THE WORK AS OUTLINED BY THE ARCHITECTS AND ENGINEERS.

2. ADDITIONAL INFORMATION AS MAY BE APPROPRIATE REGARDING ALTERNATES, UNIT PRICES, AND SCHEDULING.

WE WILL ASSIST THE SPONSOR IN REVIEW MEETINGS TO BE HELD WITH BIDDERS TO DISCUSS THEIR PROPOSALS AND TO SOLICIT DESIGN, SCHEDULING AND COST INFORMATION FROM THESE PROSPECTIVE SUB-CONTRACTORS. WE WILL ALSO ASSIST THE SPONSOR IN EVALUATING THE INFORMATION PRESENTED BY THE BIDDERS AND SUGGEST WHICH ECONOMIES, DETAILS, ALTERNATES, CONSTRUCTION SCHEDULES AND SUGGESTIONS MAY WARRANT FURTHER CONSIDERATION.

C. COST ACCOUNTING AND CASH FLOW

AS AN OWNER/BUILDER WE HAVE DEVELOPED COST ACCOUNTING PROCEDURES WHICH, IN OUR OPINION, WILL MATERIALLY ASSIST THE SPONSOR IN ESTABLISHING AND MAINTAINING COST CONTROLS ON THIS PROJECT. WE WILL ASSIST THE SPONSOR IN ESTABLISHING AN AUTOMATED SYSTEM WHICH WILL UPDATE COSTS MONTHLY, INDICATING BUDGETS, EXPENDITURES, COSTS TO COMPLETE, ETC., AS THE JOB REQUIRES. OUR CONSTRUCTION COST DEPARTMENT OF OUR ACCOUNTING DIVISION WILL EXPLORE ANY SPECIAL

REQUIREMENTS THE SPONSOR MAY HAVE AND ASSIST HIM IN THE DEVELOPMENT OF A PROGRAM WHICH WILL MEET HIS NEEDS.

IN THE PREPARATION OF OUR EARLIER REPORT TO THE SPONSOR, WE DISCUSSED THE POSSIBILITIES OF APPLYING COMPUTER PROGRAMMING TO CASH FLOW PROBLEMS, AND DEVELOPED WITH OUR CPM CONSULTANT A PRELIMINARY PROGRAM FOR THIS PROJECT. WE WILL WORK WITH THE SPONSOR TO REFINE AND BROADEN THIS PROGRAM TO INCLUDE IN IT SUCH INFORMATION AS MAY BE NECESSARY TO PROVIDE ACCURATE COST CONTROL AND FORECASTING.

BASED UPON THE MASTER CPM PROGRAM, WE SHALL CONTINUE TO REVIEW WITH THE SPONSOR ON A MONTHLY BASIS COST PROJECTIONS AND SHALL RECOMMEND, FROM TIME TO TIME, SUCH REVISIONS AS, IN HIS JUDGMENT, MAY BE APPLICABLE. SUCH A PROGRAM OF BUDGET DEVELOPMENT, COST ACCOUNTING AND CASH FLOW WILL PROVIDE THE SPONSOR WITH CURRENT COST CONTROLS THROUGHOUT THE LIFE OF THE PROJECT.

II. SCHEDULE CONTROL

IN THE INITIAL REPORT FORWARDED TO THE SPONSOR, TISHMAN REALTY & CONSTRUCTION CO., INC. PROJECTED AN OUTLINE PROGRAM FOR THE CONSTRUCTION OF A SINGLE TOWER THROUGH THE USE OF CRITICAL PATH CHARTS. THE APPROACH USED IN THE DEVELOPMENT OF THOSE SCHEDULES WILL BE UTILIZED IN ASSISTING THE SPONSOR IN THE DEVELOPMENT OF AN INTEGRATED AND COMPLETE CONSTRUCTION PROGRAM FOR THE ENTIRE PROJECT.

THE DEVELOPMENT OF ACCURATE SCHEDULING INFORMATION IS MOST ESSENTIAL IN ESTABLISHING A REALISTIC CONSTRUCTION PROGRAM. TOWARD THIS END WE SHALL MAKE AVAILABLE TO THE SPONSOR OUR ANTICIPATED SCHEDULES WITH PARTICULAR CONSIDERATION GIVEN TO THE FOLLOWING:

1. PRELIMINARY DESIGN, REVIEW AND FINAL DESIGN TIME.
2. BID AND REVIEW PERIODS.
3. CONTRACT NEGOTIATION AND AWARD PERIODS.
4. SHOP DRAWING SCHEDULES AND KEY EQUIPMENT PURCHASE DEADLINES.
5. MATERIAL ORDERING, FABRICATION AND DELIVERY SCHEDULES.
6. JOB MOBILIZATION SCHEDULE BY TRADE.
7. CONSTRUCTION PROGRAMMING.

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IN THE DEVELOPMENT OF THE ABOVE, OUR DEPARTMENT HEADS, THEIR STAFFS, AND OUR FIELD SUPERVISORY PERSONNEL, WILL MEET WITH THE SPONSOR AND HIS ARCHITECTS, ENGINEERS, KEY POTENTIAL SUB-CONTRACTORS AND SUPPLIERS, AND REVIEW WITH THEM THEIR APPROACHES TO THE PROJECT; THEIR ANTICIPATED PROGRAMS; AND THEIR SPECIAL PROBLEMS OF FABRICATION, DELIVERY AND MATERIALS HANDLING. WE WILL ASSIST THE SPONSOR IN THE FOLLOWING:

1. COORDINATING AND EVALUATING THE INFORMATION SUBMITTED.

2. DEVELOPING A REALISTIC MASTER PROGRESS SCHEDULE, USING THE CRITICAL PATH APPROACH.

THIS SCHEDULE WILL REFLECT BOTH THE SPONSOR'S AND OUR OWN CONCLUSIONS, ESTABLISHING THE SCHEDULE FOR EACH TRADE AS IT APPLIES TO EACH PHASE OF THE JOB. THE MASTER PROGRAM WILL THEN BE BROKEN DOWN INTO SUB-SCHEDULES COVERING EACH MAJOR PHASE OF THE WORK IN DETAIL, AND WILL REFLECT THE COORDINATED PROGRESS OF EACH TRADE INVOLVED. SUCH SUB-SCHEDULES (AS WELL AS THE MASTER PROGRAM) SHALL BE ISSUED TO ALL PROFESSIONAL OFFICES, SUB-CONTRACTORS AND SUPPLIERS INVOLVED IN THE PROJECT AND SHALL DEFINE THEIR SCHEDULE RESPONSIBILITIES.

AFTER THE ESTABLISHMENT OF A MASTER PROGRAM AS OUTLINED ABOVE, WE, WITH THE SPONSOR, WILL PERFORM A THOROUGH, PERIODIC REVIEW OF ACTUAL PROGRESS AS COMPARED WITH ANTICIPATED PROGRESS. AS OFTEN AS MAY BE NECESSARY (BUT NOT LESS OFTEN THAN ONCE PER MONTH) AND ALWAYS AFTER MAJOR UNANTICIPATED EVENTS OCCUR, SUCH AS MATERIAL SHORTAGES, RE-DESIGN REQUIREMENTS, SEVERE WEATHER, STRIKES, ETC., WE SHALL REVIEW THE PROJECT PROGRESS WITH THE SPONSOR AND, AS MAY BE NECESSARY, WITH ARCHITECTS, ENGINEERS, SUB-CONTRACTORS AND SUPPLIERS WHO FIND THEIR ACTUAL PROGRESS IS NOT IN ACCORDANCE WITH THE SPONSOR'S PROGRAM. WE WILL THEN ASSIST THE SPONSOR IN DETERMINING WHAT ACTION IS APPROPRIATE AS A RESULT OF ACTUAL DEVIATIONS FROM THE SCHEDULE; WHETHER ANY COSTS ARE INVOLVED (AND IF SO, WHO IS RESPONSIBLE FOR SAME); AND WHAT EFFECT SUCH ACTION WILL HAVE ON THE WORK OF OTHERS AS WELL AS THE EFFECT IT WILL HAVE ON THE OVERALL PROJECT PROGRESS. AT THE CONCLUSION OF SUCH REVIEWS, WE WILL MAKE RECOMMENDATIONS TO THE SPONSOR TO INSURE THAT THE REVISED PROGRAM IS REALISTIC, IS COORDINATED WITH OTHER TRADES, AND MEETS THE SPONSOR'S COMPLETION REQUIREMENTS. AS A RESULT OF THESE DISCUSSIONS, THE MASTER PROGRAM, AS WELL AS ALL

AFFECTED SUB-SCHEDULES, SHALL BE REVISED AND RE-ISSUED BY THE SPONSOR TO ALL THOSE INVOLVED IN THE PROJECT. THE REVISED SCHEDULES SHALL CONSTITUTE THE NEW PROJECT PROGRAM.

THE PERIODIC REVIEW DESCRIBED ABOVE, MUST CONTINUE THROUGH THE LIFE OF THE PROJECT AND MUST CURRENTLY REFLECT THE ACTUAL PROGRESS AND REALISTIC PROJECTION OF ANTICIPATED PROGRESS IF IT IS TO BE OF VALUE TO THE SPONSOR. HOWEVER, THERE IS AN ADDITIONAL STEP WHICH IS MOST ESSENTIAL FOR THE PROPER APPLICATION OF THIS CONSTRUCTION TOOL. THE PERSONNEL (IN BOTH THE OFFICE AND THE FIELD) OF THE SPONSOR, CONTRACTOR, SUB-CONTRACTORS, ARCHITECTS AND ENGINEERS MUST BE EDUCATED IN THE DEVELOPMENT AND USE OF THIS SCHEDULING PROCEDURE. WE WILL ASSIST THE SPONSOR IN INSURING THAT THE NECESSARY PERSONNEL ARE INSTRUCTED IN THE PROPER USE OF THE PROJECT PROGRAM CHARTS AND THEN ASSIST THE SPONSOR IN SEEING THAT THEY DO, IN FACT, UTILIZE THEM.

III. CONSTRUCTION STAGING AND LOGISTICS

A. EARLY OCCUPANCY

SINCE IT IS THE SPONSOR'S DESIRE TO ACHIEVE EARLY OCCUPANCY IN PORTIONS OF THE BUILDINGS PRIOR TO COMPLETION OF CONSTRUCTION, WE WILL PROVIDE THE SPONSOR WITH THE RECOMMENDATIONS OF OUR VARIOUS DIVISIONS TOWARD ACHIEVING THIS END. THE DEPARTMENT HEADS AND THE STAFFS OF OUR CONSTRUCTION, MANAGEMENT, MAINTENANCE AND OPERATIONS, INSURANCE AND LEGAL DIVISIONS SHALL REVIEW WITH THE SPONSOR THE FOLLOWING AREAS:

1. EFFECT OF EARLY OCCUPANCY ON COMPLETION.
2. REQUIREMENTS OF AUTHORITIES HAVING JURISDICTION.
3. COSTS WHICH WILL RESULT FROM IMPOSED REQUIREMENTS AND RESTRICTED OPERATIONS.
4. HANDLING OF TENANT AND CONSTRUCTION PERSONNEL AND MATERIALS.
5. PROTECTIVE REQUIREMENTS FOR PUBLIC AND TENANTS AND THEIR COSTS.
6. SPECIAL INSURANCE REQUIREMENTS, IF ANY, AND THEIR COSTS.

7. BUILDING FACILITIES REQUIRED FOR OPERATION.

8. BUILDING PERSONNEL REQUIRED FOR OPERATION.

9. TEMPORARY EQUIPMENT REQUIRED FOR OCCUPANCY.

10. SECURITY.

UPON COMPLETION OF THESE REVIEWS, WE WILL MAKE RECOMMENDATIONS TO THE SPONSOR FOR ACHIEVING THE DESIRED, SAFE, EARLY OCCUPANCY. WE FEEL PARTICULARLY QUALIFIED TO PERFORM THIS SERVICE, SINCE WE HAVE, WITHIN OUR OFFICE, PERSONNEL EXPERIENCED IN EACH ESSENTIAL PHASE OF THIS PROGRAM.

WE WILL DEVELOP WITH THE SPONSOR SPECIFIC PROGRAMS COVERING TEMPORARY PROTECTION REQUIREMENTS, BOTH CONSTRUCTION AND OCCUPANCY; DELIVERY AND STORAGE AREAS; ACCEPTABLE AND LEGALLY COMPLIANT MEANS OF INGRESS AND EGRESS; BUILDING OPERATIONS REQUIREMENTS REGARDING TYPE AND NUMBER OF PERSONNEL, MAINTENANCE AND SECURITY; RESOLUTION OF LABOR JURISDICTION RELATING TO THE VARIOUS RESPONSIBILITIES OF THE CONSTRUCTION TRADES AND BUILDING MAINTENANCE UNIONS; COMMON USE OF BUILDING EQUIPMENT FOR BOTH CONSTRUCTION AND TENANTS; A PROGRAM FOR THE PERFORMANCE OF BASIC CONSTRUCTION TO AVOID CREATING DANGEROUS OR DISTURBING CONDITIONS FOR TENANTS AS WELL AS OTHER SPECIFIC PROBLEMS WHICH MAY ARISE FROM TIME TO TIME.

B. <u>STAGING FOR MAINTENANCE OF PATH, T/A</u>

WE SHALL REVIEW WITH THE SPONSOR THE REQUIREMENTS OF THE PATH TRANSPORTATION SYSTEM AND THE TRANSIT AUTHORITY SYSTEM AND SHALL EVALUATE THE FOLLOWING:

1. PRESENT FACILITIES AND THEIR EFFECT ON FOUNDATIONS.

2. POSSIBLE ALTERNATIVES TO INSURE CONTINUOUS SERVICE.

3. TEMPORARY WORK NECESSARY TO INSURE CONTINUOUS SERVICE.

4. SCHEDULES OF WORK IN CONJUNCTION WITH THE PROGRAM FOR THE "BATHTUB".

5. COORDINATION OF CONSTRUCTION OF NEW PATH WORK WITH NEW CONSTRUCTION OF W.T.C. BUILDINGS.

6. REVIEW OF ALTERATION WORK AND UTILIZATION OF EXISTING STRUCTURES WITHIN NEW WORK.

WE SHALL ASSIST THE SPONSOR IN DEVELOPING A SUB-PROGRAM FOR THE ABOVE PHASES OF THE WORK, WHICH WILL REFLECT COORDINATION WITH THE MASTER PROGRAM. IN ADDITION, WE WILL ASSIST THE SPONSOR IN DEVELOPING COSTS FOR THE PERFORMANCE OF THE CONSTRUCTION OF TEMPORARY FACILITIES AND ALTERATIONS REQUIRED TO MEET THE SPONSOR'S AND T/A'S OPERATION REQUIREMENTS.

C. STAGING FOR UTILITIES AND TEMPORARY SERVICE

WE SHALL REVIEW WITH THE SPONSOR, HIS OUTLINED PROGRAM REGARDING DEVELOPMENT AND SCHEDULING OF THE RELOCATION OF UTILITIES AND TEMPORARY SERVICES WITH REGARD TO THE FOLLOWING:

1. TRAFFIC FLOW AND TEMPORARY RAMPS.
2. TELEPHONE WORK.
3. PIER RENOVATION AND UTILIZATION.
4. CONSTRUCTION TRAFFIC FLOW.

WE SHALL EVALUATE THE SPONSOR'S PROGRAM, INDICATING OUR RECOMMENDATIONS APPLICABLE TO COORDINATION OF PUBLIC AND CONSTRUCTION TRAFFIC; SCHEDULING OF TEMPORARY UTILITIES; AND UTILITIES MAINTENANCE AND OPERATIONS. WE SHALL ASSIST THE SPONSOR IN ESTABLISHING AND COORDINATING HIS PROGRAM WITH THE UTILITY COMPANIES, TO INSURE THAT CONTINUOUS AND ADEQUATE SERVICES ARE AVAILABLE AT THE SITE.

IV. DEVELOPMENT OF CONTRACT DOCUMENTS AND ESTIMATES

A. CONTRACT DOCUMENTS

AS INDICATED ABOVE, WE WILL ASSIST THE SPONSOR IN THE DEVELOPMENT OF BID DOCUMENTS. SINCE THE BIDS SUBMITTED BY SUCCESSFUL SUB-CONTRACTORS WILL, AFTER DISCUSSION AND NEGOTIATION, FORM THE BASIS FOR THE CONTRACT, THE BID DOCUMENTS, PREVIOUSLY MENTIONED, REPRESENT THE FIRST PHASE OF CONTRACT DEVELOPMENT. THROUGH OUR CONSTRUCTION, INSURANCE, ACCOUNTING AND LEGAL DIVISIONS, WE WILL ASSIST THE SPONSOR IN THE DEVELOPMENT OF CONSTRUCTION AND MATERIALS-PURCHASING CONTRACT FORMS, WHICH WILL INCLUDE, AMONG OTHER ARTICLES, APPROPRIATE GENERAL CONDITIONS, INSURANCE, PERFORMANCE, PAYMENT AND JOB OPERATIONS CLAUSES. THIS SERVICE SHALL

BE A REPETITION OF THE SERVICES TISHMAN REALTY & CONSTRUCTION CO., INC. HAS RECENTLY PERFORMED FOR THE SPONSORS ON THE MADISON SQUARE GARDEN PROJECT, AND THE JOHN HANCOCK CENTER.

WE WILL ASSIST THE SPONSOR IN ESTABLISHING THE SCOPE OF WORK FOR EACH TRADE. APPROPRIATE PERSONNEL FROM OUR STAFF WILL REVIEW PLANS AND SPECIFICATIONS AND BE PREPARED TO ASSIST THE SPONSOR IN INTERVIEWING BIDDERS, EVALUATING ESTIMATES, INVESTIGATING BIDDERS' SUGGESTIONS AND ALTERNATES, REVIEWING PROPOSED SCHEDULES, AND CONCLUDING THE BEST AND MOST DESIRABLE AWARD FOR EACH PARTICULAR TRADE. WE WILL THEN ASSIST THE SPONSOR, HIS ARCHITECTS, AND HIS ENGINEERS, IN THE DEVELOPMENT OF REVISIONS TO PLANS AND THE PREPARATION OF ADDENDA TO SPECIFICATIONS.

WE SHALL ASSIST THE SPONSOR IN THE DEVELOPMENT OF SPECIAL CONDITIONS APPLICABLE TO EACH TRADE. THESE CONDITIONS SHALL BE MADE AS AN ADDENDUM TO SPECIFICATIONS, OR A SEPARATE RIDER, DEPENDING UPON THEIR CONTENT. SUCH SPECIAL CONDITIONS FOR EACH TRADE SHALL INCLUDE PARTICULAR RESTRICTIONS OR CONSIDERATIONS; DESIGNATION OF DELIVERY AND MATERIALS HANDLING AREAS; HOISTING AND DISTRIBUTION REQUIREMENTS; SHOP DRAWINGS, DETAILS AND SUBMISSION PROCEDURES, ETC.

WE WILL ASSIST THE SPONSOR IN ESTABLISHING THE APPROPRIATE COSTS OF CONTRACTS FOR EACH TRADE, AND IF REQUESTED, WILL ASSIST THE SPONSOR IN FINAL CONTRACT NEGOTIATIONS. IN ADDITION TO ESTABLISHING THE BASE CONTRACT PRICE, SUCH NEGOTIATIONS SHALL INCLUDE THE RESOLUTION OF COSTS OF DESIRED ALTERNATES WHICH MAY INCREASE, DECREASE, OR ALTER THE SCOPE OF WORK AND/OR DESIGN, AS WELL AS A DETERMINATION OF UNIT PRICES APPLICABLE TO ADDITIONAL OR DELETED LABOR AND MATERIALS WHICH MAY BE REQUIRED BY THE OWNER DURING THE LIFE OF THE PROJECT.

AS PART OF CONTRACT NEGOTIATIONS (AND NO LESS IMPORTANT THAN RESOLUTION OF CONTRACT PRICE) WE WILL ASSIST THE SPONSOR IN DEFINING WITH THE VARIOUS CONTRACTORS, SCHEDULE OBLIGATIONS WHICH SHALL CONFORM TO THE SPONSOR'S MASTER PROGRAM, AND WHICH SHALL BECOME A REQUIREMENT OF THE AGREEMENT. WE WILL REVIEW WITH THE SPONSOR THE DESIRABILITY OF INCLUDING IN PARTICULAR CONTRACTS, BONUS AND PENALTY CLAUSES. SUCH CLAUSES MAY BE APPLICABLE TO VARIOUS STAGES OF THE WORK, OR OVERALL COMPLETION, AND SHALL BE ESTABLISHED WITH ONLY THOSE TRADES WHERE SUCH ACTION PROVIDES AN ADVANTAGE TO

THE SPONSOR. IN THIS REVIEW OF CONTRACT SCHEDULING, AND IN ADDITION TO DETERMINING TOTAL COMPLETION TIME REQUIRED FOR EACH TRADE, THE COMPLETION OF EACH PHASE OF WORK SHALL BE REVISED AND ESTABLISHED.

THROUGH OUR RESEARCH AND CONSTRUCTION DIVISIONS WE MAINTAIN CLOSE RELATIONSHIPS WITH MANY MAJOR MANUFACTURERS AND SUPPLIERS. THESE DIVISIONS ASSIST OUR RESEARCH CLIENTS IN THE DEVELOPMENT OF NEW MATERIALS AND CONSTRUCTION TECHNIQUES, AS WELL AS FINDING NEW APPLICATIONS FOR EXISTING PROGRAMS. THESE CLIENT RELATIONSHIPS CAN BE OF MATERIAL VALUE TO THE SPONSOR IN THE DEVELOPMENT OF ALTERNATE AND UNIQUE PRODUCTS AND TECHNIQUES FOR USE IN THIS PROJECT.

WE WILL ASSIST THE SPONSOR IN DETERMINING THE TYPE OF AGREEMENT BEST SUITED TO EACH TRADE; I.E. LUMP SUM, UNIT PRICE, MAXIMUM UPSET PRICE, COST PLUS FIXED FEE, ETC. IN DEVELOPING RECOMMENDATIONS FOR THE SPONSOR, WE WILL CONSIDER THE FOLLOWING:

1. TRADE AND CONTRACTOR.
2. FLEXIBILITY OF DESIGN.
3. DESIRABILITY OF SOLICITING CONTRACTOR'S ASSISTANCE IN FINALIZING DETAILS, MATERIALS AND EQUIPMENT.
4. LEAD TIME REQUIRED AFTER CONTRACT FOR PREPARATION OF DETAILS, FABRICATION, AND DELIVERY.
5. VARIABLE CONDITIONS DIRECTLY AFFECTING SCHEDULING AND COSTS.
6. OPPORTUNITIES FOR PARTICIPATION IN COST SAVINGS.

B. COORDINATION OF CONTRACTS

WE SHALL ASSIST THE SPONSOR IN ESTABLISHING VARIOUS PROGRAMS WHICH WILL RESOLVE PROBLEMS COMMON TO ALL OR SEVERAL TRADES AND NECESSARY FOR COORDINATION AND PERFORMANCE OF THE WORK OF THESE TRADES ON THE PROJECT. SUCH AREAS OF COMMON INTEREST SHALL INCLUDE THE FOLLOWING:

1. MEANS OF INGRESS AND EGRESS.
2. COORDINATION WITH AUTHORITIES HAVING JURISDICTION REGARDING TRAFFIC, SAFETY AND CONSTRUCTION.
3. COORDINATION WITH PUBLIC VEHICULAR AND PEDESTRIAN TRAFFIC

4. ESTABLISHMENT OF DELIVERY, UNLOADING AND STORAGE AREAS.

5. ESTABLISHMENT OF ASSEMBLY AND ON SITE MANUFACTURING AREAS.

6. CONSTRUCTION TRAFFIC FLOW.

7. VERTICAL TRANSPORTATION - CONSTRUCTION MATERIALS.

8. VERTICAL TRANSPORTATION - CONSTRUCTION PERSONNEL.

9. JOB PROTECTION AND TRADE PROTECTION.

10. DISPOSAL OF TRASH AND DEBRIS.

11. COORDINATION OF WORK WITH INTERRELATED TRADES.

12. INSURANCE PROGRAM PROVIDING APPROPRIATE COVERAGE.

UPON CONCLUSION OF THESE STUDIES, WE WILL ASSIST THE SPONSOR IN ESTABLISHING A GENERAL CONTRACTOR'S PROGRAM FOR COORDINATING THESE AREAS. IN SOME INSTANCES, A GENERAL CONDITIONS RIDER CAN BE DRAFTED FOR INCLUSION IN ALL CONTRACTS AFFECTED BY AN ESTABLISHED PROCEDURE (SUCH AS AN INSURANCE PROGRAM) WHILE A SPECIAL CONDITIONS RIDER MAY BE APPLICABLE TO TWO OR MORE ISOLATED TRADES (SUCH AS COORDINATION OF HOISTING MAJOR MECHANICAL AND ELECTRICAL EQUIPMENT WITH THE STEEL ERECTOR'S DERRICK). WE WILL ESTABLISH WITH THE SPONSOR OVERALL JOB PROCEDURES AFFECTING ITEMS SIMILAR TO THOSE LISTED, AND THROUGH APPROPRIATE SECTIONS OF THE CONTRACTS WILL GUIDE SUCH CONTRACTORS IN THE COORDINATION OF THEIR WORK.

V. LABOR RELATIONS

WE WILL ASSIST THE SPONSOR IN REVIEWING THE ANTICIPATED CONSTRUCTION PROGRAM TO DETERMINE WHAT POTENTIAL PROBLEM AREAS MAY EXIST WHICH NEED RESOLUTION BETWEEN LABOR AND MANAGEMENT PRIOR TO THE START OF WORK. THESE AREAS WOULD INCLUDE THE FOLLOWING:

1. DESIGN RELATING TO UTILIZATION OF NEW MATERIALS AND TECHNIQUES.

2. DIVISION AND ASSIGNMENT OF WORK BY SPECIFICATION SECTION OF CONTRACT TO MINIMIZE JURISDICTIONAL CLAIMS.

3. SCHEDULING OF VARIOUS OPERATIONS.

4. MAKE-UP TIME AND PERSONNEL HOISTING REQUIREMENTS.

5. TEMPORARY UTILITIES, MAINTENANCE AND OPERATIONS REQUIREMENTS.

6. RESOLUTION OF CONSTRUCTION AND BUILDING MAINTENANCE RESPONSIBILITIES AT EARLY OCCUPANCY AND PRIOR TO COMPLETION OF CONSTRUCTION.

7. BUILDING MAINTENANCE REQUIREMENTS AFTER COMPLETION OF CONSTRUCTION.

WE WILL ASSIST THE SPONSOR IN EVALUATING PROBLEM AREAS, ESTABLISHING DESIRED PROCEDURE, AND EXPLORING WITH LABOR OFFICIALS MUTUALLY ACCEPTABLE SOLUTIONS. IN ADDITION TO THOSE PERSONNEL IN OUR CONSTRUCTION, MANAGEMENT, MAINTENANCE AND LEGAL STAFFS, THE CONSULTANT RETAINS ONE OF THE FOREMOST LABOR RELATIONS COUNSELORS, MR. THEODORE KHEEL, FOR THE PURPOSE OF RESOLVING LABOR PROBLEMS WHICH ARISE FROM TIME TO TIME ON OUR OWN WORK. WE WISH TO STRESS, HOWEVER, THAT OUR RELATIONS WITH LABOR IN NEW YORK AND THROUGHOUT THE NATION HAVE BEEN EXCELLENT AND, IN FACT, THAT OUR GOOD OFFICES HAVE BEEN UTILIZED MANY TIMES IN THE PAST TO HELP SOLVE INDUSTRY-WIDE LABOR PROBLEMS.

MOST LABOR PROBLEM AREAS WHICH CAN BE ANTICIPATED, SHOULD BE RESOLVED PRIOR TO THE START OF THE WORK SO THAT THE *PRESSURE OF SCHEDULING AND JOB PROGRESS DO NOT ENTER INTO* THE DELIBERATIONS AND RESOLUTIONS OF SUCH PROBLEMS. WHERE RESOLUTION OF THOSE CLAIMS CANNOT BE REACHED PRIOR TO THE START OF WORK, TRADE ASSIGNMENTS MUST BE MADE AS EARLY AS POSSIBLE BY THE SPONSOR SO THAT THE DISPUTANTS CAN SEEK RELIEF THROUGH THE BUILDING TRADES EMPLOYMENT ASSOCIATION PRIOR TO ANY RESULTANT DELAY ON THE JOB. WE WILL ADVISE THE SPONSOR REGARDING PRECEDENT AND PRACTICE IN THE INDUSTRY, PRIOR TO THE SPONSOR'S ASSIGNMENT OF WORK.

WE WILL ASSIST THE SPONSOR IN DEVELOPING SCHEDULES AND PROGRAMS RELATING TO VERTICAL PERSONNEL TRANSPORTATION, SAFETY AND MEDICAL ASSISTANCE, SANITARY FACILITIES, SHANTY REQUIREMENTS AND SECURITY, ETC. SINCE THESE PROBLEMS WILL AFFECT ALL TRADES ON THE JOB, THE SPONSOR MAY WISH TO REVIEW THESE JOB ADMINISTRATION PROCEDURES WITH THE RESPONSIBLE JOINT LABOR COUNCIL LEADERS SO THAT THEIR ADEQUACY CAN BE CONFIRMED.

SPECIFIC PROBLEMS SUCH AS TEMPORARY HEAT, INSTALLATION OF TELEPHONE BOXES AND WIRE, MAINTENANCE OF TEMPORARY LIGHT, ELEVATORS, ETC., WILL BE REVIEWED BY US WITH REGARD TO SCHEDULING, COORDINATION WITH OTHER WORK, COSTS, AND ALTERNATES.

WE WILL ASSIST THE SPONSOR IN ESTABLISHING, WITH LABOR OFFICIALS, APPROPRIATE MACHINERY WHICH CAN RESOLVE MAJOR UNANTICIPATED PROBLEMS WHICH MAY OCCUR ON THE PROJECT DURING THE COURSE OF THE WORK; AS WELL AS DISPUTES WHICH THREATEN TO AFFECT THE PROGRESS OF THE JOB. THE MAINTAINING OF A CONSTRUCTION PROGRAM, UNHAMPERED BY CONTINUOUS JOB STOPPAGES DUE TO LABOR DISAGREEMENTS IS AN ABSOLUTE NECESSITY TO INSURE THE SUCCESS OF THIS PROJECT.